Austria	Sch. 15	Indonesia	Rp 2500	Portugal	Esc 65
Bahrain	Din 0.650	Italy	L 1100	S. Arabia	Rls 6.00
Belgium	BFr 35	Japan	Y550	Singapore	S$ 4.10
Canada	C$2.50	Jordan	Fils 500	Spain	Pta 95
Cyprus	Mils 600	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	DKr 7.00	Lebanon	L£ 6.00	Sweden	SKr 6.50
Egypt	E£1.00	Luxembourg	LFr 35	Switzerland	SwFr 2
Finland	Fmk 5.50	Malaysia	Rgt 4.25	Taiwan	NT $85
France	FFr 5.50	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.00	Morocco	Dh 6.00	Turkey	L 160
Greece	Dr 60	Netherlands	Fl 2.25	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	NKr 6.00	U.S.A.	$1.50
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Wednesday September 28 1983

D 8523 B

Crisis in French newspaper industry, Page 3

NEWS SUMMARY

GENERAL

Syrians in Lebanon artillery clash

Palestinian guerrillas exchanged fierce artillery fire with Syrian forces at the Beddawi refugee camp in north Lebanon, after a Palestinian clash in which up to 17 guerrillas were reported killed.

On the second day of the ceasefire, the Lebanese army exchanged fire with gunmen in tha south-east outskirts of Beirut. An Italian paratrooper was injured in the crossfire.

Efforts to form a military committee from the Lebanese army and belligerent groups to arrange for the appointment of hundreds of UN observers ran into difficulties. Page 18

Jet 'black box' found

Japanese radio quoted government sources as saying that U.S. ships had located the "black box" flight data recorder of the South Korean jet shot down on September 1 by Soviet fighters 700 metres below the surface of the sea of southern Sakhalin. High water pressure presented problems in raising it.

Nicaragua accuses

Rebels based in Honduras seized the Nicaraguan border town El Espino after stiff fighting. Nicaragua's Foreign Ministry accused Honduras Army artillery of backing the attack. Page 4

Zhao-Reagan hopes

Chinese Premier Zhao Ziyang said he hoped be could exchange visits *with U.S. President Rooald Reagan* next spring.

Iran's 'secret killings'

The human rights group Amnesty International said that executions in Iran were considerahly higher thao the *5,000 officially announced*, and that Iran was secretly executing and torturing political prisoners.

Bavaria border move

Bavarian authorities said that East German army engineers had begun to dismantle shrapnel weapons mounted at the border to discourage escapes to the west.

Appeal to Hillery

Republic of Ireland Government and opposition leaders have appealed to the President, Dr Patrick Hillery, to seek re-election for a second seven-year term in November.

Corsica party ban

France banned Corsican political party, the Council of National Committees, two weeks after a top civil official was murdered on the island.

Indian riot airlift

Hundreds of troops were airlifted to the southern Indian city Hyderabad, where deaths in Hindu-Moslem knife fights reached 46.

Koreans canonised

A Vatican consistory approved the canonisation of 93 Koreans and 10 French martyred in Korea more than 100 years ago.

Wife's hunger strike

Ukrainian Jew Inna Elbert says she has been on hunger strike for more than three weeks. She claims ber husband Lev was wrongly jailed on drug charges because they wanted to migrate to Israel.

Briefly...

Zermatt: Climbing deaths on Swiss peak the Matterborn this year reached a record *18, with an American* the latest victim.

BUSINESS

Jaguar managers hope for buy-out

● SENIOR executives of Jaguar, British Leyland's luxury car subsidiary, want to buy the company if the UK Government agrees to its being sold off from the state group. They have been seeking finance in the City of London. Page 18

● LONDON: FT Industrial Ordinary index fell 8.5 to 694. Government securities showed small falls. *Report, FT Share Information Service* Pages 33-35

● *WALL STREET: Dow Jones index* closed 12.80 down at 1,247.97. *Report, full share listings, Pages 30-32*

● TOKYO: Nikkei Dow index advanced 68.37 to a record 9,414.15. Stock Exchange index was 2.15 up at 692.62. *Page 29. Leading prices,* other exchanges, Page 32

● DOLLAR rose to DM 2.6505 (DM 2.6445), FFr 8.0425 (FFr 8.0175), and Y238.05 (Y237.7), but eased to SwFr 2.1405 (SwFr 2.1425). Its Bank of England trade-weighted index rose from 127.4 to 127.8. In New York, it closed at DM 2.6395, SwFr 2.131, Y 237.25 and FFr 8.02. Page 39

● STERLING fell 65 points to $1.4975, and to DM 3.9725 (DM 3.98), FFr 12.045 (FFr 12.055), SwFr 3.21 (SwFr 3.225) and Y357 (Y357.75). Its trade weighting fell from 84.6 to 84.4. In New York it closed at $1.5005. Page 39

● *D-MARK closed at a record level against the French franc, DM 32.955 per FFr 100, from DM 33.005.* Page 39

● GOLD fell $3 to $412.625 in London, by $3.25 in Frankfurt to $412.25, and by $2.75 in Zurich to $412.5. The New York September Comex settlement price was $413.9 against $415.5. Page 38

● FRANCE has accepted that BL's Acclaim car, assembled at Cowley, is European and not subject to restraints put on Japanese imports. Page 6

● WEST GERMAN Cartel Office is to study plans for Texaco to take over the petrol distribution interests of Chevron, the Standard Oil of California subsidiary in West Germany. Page 18

● *FRANCE'S Atomic Energy Agency* is favourite to take a stake in *nuclear reactor company Framatome* as part of a rescue for the Creusot-*Loire group.* Page 18

COMPANIES

● SANTA FE Industries and Southern Pacific, U.S. railway and natural resources companies, are planning to merge, with assets of about $10bn. Page 19

● IMPERIAL Chemical Industries has told the UK Government it is interested in spending £40m ($60m) on converting a power station on Teesside from oil to coal and is seeking a grant of a quarter of the cost. Page 8

● BROKEN HILL Proprietary, Australia's largest company, announced *first-quarter* profits 50.3 per cent up at A$123.3 ($109.7), due to a turn-round in its steel division and higher oil and gas profits. Page 20

● NIMSLO, the U.S. photographic system developer, reported first-half pre-tax losses 24 per cent up at $11.8m. Lex, Page 18; Details, Page 22

● *AMERICAN EXPRESS, the financial* services group, has made a *new $773m* cash and stock bid for Alleghany Corporation's Investors Diversified Services. Page 19

● USINOR, one of France's two *state-owned steel groups, expects to* lose over FFr 4bn ($500m) this year. Page 18

● RENAULT, the French state car group, is *to help fund its FFr 9.5bn* ($1.18bn) investment programme by *issuing non-voting* loan stock. Page 19

PRESIDENT'S STARK WARNING OF 'ECONOMIC NIGHTMARE'

Reagan appeals to Congress to boost IMF subscription

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN WASHINGTON

President Ronald Reagan warned yesterday that the world would face an "economic nightmare which could plague generations to come" if the U.S. Congress refuses to agree to his country's 50 per cent increased subscription to the International Monetary Fund.

His dramatic appeal to a still divided Congress at the opening session of the Fund's annual conference in Washington yesterday was followed immediately by an equally stern warning from M Jacques de Larosière, the Fund's managing director. *M de Larosière said* that unless there was rapid action to approve the *increased subscription* the Fund would be "crippled" with "incalculable *consequences* for economic and financial stability *worldwide*."

Both speeches followed a series of *tense and often acrimonious* talks between the U.S. and other *leading industrial countries* about how the burden of international debt *rescue operations should be* shared.

These talks have been dominated by the unwillingness of the U.S. Congress to sanctioo a $8.5bn increase in U.S. support for the Fund.

In retaliation, the other industrial countries have held back an agreement to provide their half of a $6bn loan which the IMF needs to tide it through 1984. The other half of this loan, promised by Saudi Arabia, is also held up because it depends upon agreement among the industrial nations.

Mr Reagan yesterday staked the whole of his presidential authority *on a dramatic public effort to clear* the logjam which is now threaten*ing the continuation of the Fund's* operations.

He said: "I have *an unbreakable* commitment to increased funding *for the IMF*," *and he urged Con*gress to remember its responsibility to meet the pledges of the Government.

He condemned "partisan wrangling and political wrangling" of *factions in Congress which* have been opposing the increase and he significantly *urged members* of both political parties to abandoo their harsh *rhetoric* and unreasonable demands.

In a section of the speech clearly directed to his domestic audience he said, "this legislation is not only crucial to the recovery of America's trading partners atroad and to the stability of the entire international financial system; it is also necessary to a sustained recovery in the U.S."

Later M de Larosière said that the planned increase in quota subscriptions of nearly 50 per cent was the minimum needed for the Fund to continue to play its major part in the adjustment of debtor countries. He also referred ohliquely to the delays in granting the $6bn loan for 1984, which is already putting the IMF under some strain, although it has not yet precipitated an immediate liquidity problem.

M de Larosière appealed to the richer countries who could lend to

Continued on Page 18

IMF annual meeting, Page 4

Brazil's creditors reach accord

By Peter Montagnon in Washington and our Foreign Staff

AGREEMENT in principle has been reached on an $11bn financing package for Brazil's IMF-designed economic adjustment programme for the rest of 1983 and 1984.

M Jacques de Larosière, the IMF's managing director, announced the agreement late on Monday night after meeting the heads of Brazil's leading creditor banks and officials from key institutions involved, including Mr Paul Volcker, chairman of the U.S. Federal Reserve Board.

Commercial banks are to contribute $6.5bn in new funds, with the rest coming from creditor governments, multilateral agencies and the rescheduling of export credits.

M de Larosière told participants they should make commitments to put np the financing hy November 15. The IMF executive board would meet in late November to consider approving an economic programme already agreed between the IMF and the Brazilian Government, Fund officials said.

Mrs Margaret Thatcher is meanwhile expected to come under direct pressure from President Ronald Reagan tomorrow to reverse a *British* refusal to extend new loans to Brazil.

Continued on Page 18

Paris in call for electronics collaboration

BY PAUL BETTS IN PARIS

FRANCE IS campaigning with increasing vigour for pan-European collaboration in the electronics and telecommunications industries and for the gradual opening of public markets in Western Europe.

M Laurent Fabius, the French Industry Minister, yesterday called for the opening of public telecommunications markets as long as this was done on the principle of reciprocity.

"The horizon for the opening up of public markets is far closer than one may thiok," the Minister claimed. But be emphasised that France was giving priority to alliances at a European level. The French Government takes a less favourable view of international alliances between French and non-European industrial groups.

M Fabius's remarks came at the end of a Cabinet meeting devoted to the problems of the French electronics industry. He repeated the Socialist Government's commitment to invest FFr 140bn ($17.46bn) over five years to strengtheo the French electronics sector.

The remarks in favour of greater European collaboration appear to indicate France's increasing awareness that the recovery and future growth of its electronics industry depend on international co-operation.

France has already submitted a long memorandum to the European *Community in which it also calls for* "the progressive opening of public *markets*" in the EEC as a conditinn for industrial recovery and efficiency. It named the electronics ond telecommunicatinns sectors as key industries that could benefit from such collaboration.

M Fabius warned yesterday that if Europe did not pool its resources it risked being "dominated" by other producers.

He said the Government wanted to reinforce the existing strengths of the French industry, including the telecommunications and military electronics sector, at the same time as tackling some of the main weaknesses of the industry.

The Socialist Government was rationalising and improving the efficiency of the nationalised electronics sector through the consolidation and diversification of the data processing operations of the Bull computer group and by agreeing to the recently announced swap of assets between Thomsoo and CGE, the two large nationalised electronics groups.

The Thomson-CGE agreement will lead to the creation of a new major telecommunications company through the merger of Thomson's and CGE's telecommunications interests.

Of the FFr 140bn to be invested

Continued on Page 18

Japanese doubt quality of European components

BY CHARLES SMITH IN TOKYO

JAPANESE companies that have invested in manufacturing in Europe are worried about the prices, quality and punctuality of delivery of locally-procured components.

A large number would like the Japanese companies supplying them in Japan to make "supporting" investments in Europe, to help them solve their procurement problems.

These findings emerge from the first comprehensive survey, conducted by the Japan External Trade Organisation (Jetro), of bow Japanese companies view their European manufacturing operations.

The survey covered 157 companies, of which 117 replied to questions about profitability, labour relations, management techniques and relations with local business partners. The Japanese companies with investments in Europe now employ more than 35,000 workers in 13 countries.

A high percentage rely mainly on locally-procured parts and materials. Replies to the survey showed that an almost equally large number of companies bad reservations about price, quality or delivery.

Forty companies said they did not expect "quick remedies" to these problems and 44 were anxious for Japanese companies supplying them in Japan to start produciog in Europe.

Such investments were sought in the manufacturiog of electrical parts (including semi-conductors, testing equipment and switches), motor vehicle components and plastic mouldings, the survey showed.

The Japanese were also concerned about "low labour efficiency" in their European plants. Criticisms of *local* workers *focussed* partly on a shortage of skilled workers, *especially electrical engineers*, and partly on what the Japanese employers apparently see as an excessive number of days off.

Many, however, referred to the low level of labour turnover at their factories as evidence that their employee relations were oo a sound footing.

About half the companies covered by the survey said they had had to lay off workers at some time

Japanese-style management techniques, at least with regard to *production* and employee welfare, were being applied hy some two-*thirds* of the companies in Europe, the survey claimed. But only a *handful said they had tried to pre*serve the Japanese system of basing wage levels on seniority.

Some 60 per cent of all management posts in the companies surveyed were held by local people indicating a fairly high level of delegation to locally employed executives at *middle* management level. On the other hand, the survey *found that 60* per cent of "*top*" management posts were held hy Japanese.

Japanese drug group director arrested on data theft charge

BY YOKO SHIBATA IN TOKYO

MR MUTSUYA AJISAWA, managing director and bead of researcb at Fujisawa Pharmaceutical, Japan's third biggest drug manufacturer, was arrested yesterday and is to be charged with conspiracy to steal confidential data on competitors' new products.

Five other Fujisawa executives and Mr Kiyoshi Suzuki, an official of the Ministry of Health and Welfare, bave also been detaioed in the case, whicb has profoundly shocked Japan's intensely competitive pharmaceutical industry.

According to the Tokyo district public prosecutor's office, the seven men conspired to steal data on Shiomarin, an antibiotic developed by Shionogi, in October, 1981, and on *Cefotetan*, a wide-spectrum antibiotic produced by Yamanouchi Pharmaceutical, lo November, 1982.

Mr Suzuki faces charges in a separate case of stealing documeots connected with a third new antibiotic, Pansporin, developed jointly by Takeda Chemical and the Japanese subsidiary of Ciba-Geigy of Switzerland. Last week he was also accused of allowing licences for drug manufacture to be issued without the full applicatioo of the bealth ministry's stringent test procedures.

Mr Tomokichiro Fujisawa, president of Fujisawa, has strongly denied that his company's policy involved industrial espionage.

Japan, which is the world's second largest drug market, with annual sales of over $17bn and bas the bighest per capita spending on medicines in the world, at $95 a head, has a fragmented pharmaceutical industry.

There has beeo a rash of scandals to the Industry during the past year against a background of increasingly ruthless competition between manufacturers, as the ministry has cut prices and attempted to force a major shake-out within the sector.

According to the Japanese press, the Tokyo office of Fujisawa was filled with smoke on the day the police raided it in the searcb for documents relating to the alleged drug secrets thefts.

Mr Ajisawa has been charged with Instigating destruction of evidence

Background, Page 20

Hong Kong authorities move to avert small bank failure

BY ROBERT COTTRELL IN HONG KONG

THE Hong Kong Government is to take over the Hang Lung Bank, a prominent locally incorporated bank which said yesterday that it could not meet its liabilities on cheques presented through the bank clearing system.

The Government's unprecedented step, effective from today, was authorised yesterday by a Bill passed at an extraordinary meeting of Hong Kong's Legislative Council. The Government's Secretary for *Monetary Affairs will take over the* chairmanship of the bank, and a *new board of directors will be ap*pointed.

On its last putlished balance sheet, at March 31 1982, Hang Lung Bank showed total assets of HK$4.5bn (U.S.$535.7m) and shareholders' funds of HK$236m. The Government says it will pay "fair" compensation to shareholders, and hopes eventually to return the bank to private ownership.

Hang Lung Bank is 80 per cent owned by Federal Amalgamated Corporation, a quoted Hong Kong company.

Sir John Bremridge, Hong Kong's Financial Secretary, told the Legislative Council that Hang Lung Bank had been weakened by a two-day "run" suffered in September last year. Deposits began growing *again after the run*, but the bank then came under attack for links with Dollar Credit, a leading deposit-taking company which failed to meet its liabilities in November last year.

Sir John said that early this year some overseas banks in Hong Kong began to withdraw facilities from Hang Lung. The situation came to a head yesterday when Hang Lung's inability to meet clearing payments posed the threat that cheques totalling HK$148m might bave to be returned.

Chartered Bank, which clears for Hang Lung and which supported it through last year's run, declined yesterday to cover an overdraft of HK$50m owed to it by Hang Lung

The Government, which had been following the situation since last year's run, felt that it would be "unacceptable" to allow the bank to fail, Sir John said. Accordingly, after a 24-hour grace period given to Hang Lung yesterday morning – during which the Government covered its position – the bank is to pass into public ownership today.

Stock market summary, Page 29; Currencies, Page 39

CONTENTS

EUROPEAN NEWS

Craxi prepares ground for tough measures

BY JAMES BUXTON IN ROME

SIG BETTINO CRAXI, Italy's first Socialist Prime Minister, yesterday warned his party's MPs that they must vote for unpopular measures if the Government is to achieve its difficult economic goals.

The Cabinet should approve tomorrow the outline of the 1984 budget, which must by law be presented to Parliament by September 30. But even at this late stage it is not clear how the Government intends to make the big reductions in official spending and inflation which it has promised.

The lack of actual economic measures from the two-month-old Government — with the exception of two significant but strongly contested decrees on pensions—has already caused dismay in financial markets. The Milan stock exchange has fallen steadily this month, as the market waits to see what the Government is actually going to do.

Sig Craxi said yesterday that the public sector deficit next year would reach L120,000bn (£50bn) or even L130,000 (£54bn) if nothing were done, "higher than that of any other Westernised country."

A deficit of L130,000bn would mean a PSBR representing 21 per cent of GDP. It is now accepted that there is no chance of getting the deficit for this year down below L80,000bn (17 per cent of GDP) against an original target of L71,000bn.

But the Government's programme entails reducing the deficit to about L80,000bn, while it also intends to cut inflation from its current rate of about 13.5 per cent to an average of 10 per cent in 1984.

To reduce the deficit the Government's broad intention is to gain about L10,000bn by higher taxes and charges, about L20,000bn from spending cuts, and to make up the rest from reduced interest payments on government debt thanks to the prospected fall in interest rates, and by means of financial operations by the Treasury.

In the past few days it has discussed a variety of possible cuts in health and social security spending with the unions, but has received a strongly negative response. Sig Costante Degan, the Minister of Health, has proposed making people pay for health services according to their income, excluding those with incomes of up to L5m (about £2,000) a year. People with incomes of L25m or above would have to pay the full cost.

Sig Gianni de Michelis, the Minister of Labour, is working on plans to make further cuts in pension spending, following the decree earlier this month to abolish disability pensions for those with incomes of more than L900,000 a month.

The significant thing about the Government's ideas is that they would actually involve cuts in spending, rather than just higher taxation and charges, as has almost always been the rule in the past. But the cuts that have been discussed would hit at areas which are politically sensitive, and for this reason they will be very difficult to impose.

Turkish budget calls for civil service pay cut

THE TURKISH Government is pressing its civil servants to accept a 3 per cent cut in real wages in the 1984 fiscal year, writes our Ankara correspondent. This emerges from a draft budget of TL 3,250bn (£8.9bn) unveiled by the Finance Ministry.

The draft, which must be passed by the country's Consultative Assembly before it goes into recess ahead of the November election, assumes inflation will be around 25 per cent and GNP will grow by around 5 per cent.

The budget total compares with a TL 2,600bn budget in fiscal 1983. The Government is planning for a TL 300bn budget deficit, double the 1983 figure. The shortfall will be met by internal financing.

Dublin port strike

THE DEEP sea section of Dublin port has been closed by an unofficial strike by dockers and checkers, writes Brendan Keenan. There are fears that the whole port could be closed down within two weeks after rejection of a rationalisation plan by dock workers.

Madrid at odds with church over education

BY DAVID WHITE IN MADRID

SPAIN'S SOCIALIST Government and the Catholic Church are trying to find a way out of a dispute which brings together the two most contentious issues in relations between them—abortion and education.

The row, provoked by a government ban on the use in private Catholic schools of catechism textbooks which equate abortion with murder, dominated a meeting yesterday of the Church-State Commission.

Publication of the new catechisms, one of which deals with abortion in the same phrase as "wars" and "terrorism," comes as the Governments Bill to legalise abortion in certain limited cases is still awaiting parliamentary approval.

The row foreshadows a debate next month on an education Bill, in which the main argument will focus on relations between the state and state-supported private schools. Catholic schools, which make up the bulk of private schools in Spain, are attended by about 22 per cent of children between six and 14.

The right-wing parliamentary opposition is challenging the whole Bill, including financing provisons based on the direct payment by the state of schoolteachers' salaries. State funds for private schools this year are budgeted at around Pta 75bn (£330m). Although the Socialists have a large enough majority to ensure passage of the Bill, the Popular Alliance opposition plans to take the issue to the Constitutional Court.

The education issue is perceived as the biggest challenge facing the church in its bid to maintain influence. Spain's bishops claim their right to determine the content of school courses is protected by 1979 agreements between the state and the Vatican.

Sr Jose Maria Maravall, the Education Minister, on the other hand, has expressed his determination to rid the school system of the kind of indoctrination that was characteristic of the Franco era.

Polish church-state relations improving

BY CHRISTOPHER BOBINSKI IN WARSAW

RELATIONS between church and state in Poland are showing signs of improvement, but clashes between the two sides on issues like official opposition to crosses hung in schools are likely to continue. A communique following Monday's four-hour meeting of the church-state committee said "relations on basic matters are developing well."

In another sign of improvement yesterday, Cardinal Jozef Glemp, the Polish Primate, expressed the hope that a church scheme to channel Western aid to agriculture would go ahead. He and Gen Wojciech Jaruzel, ski the Polish leader, are expected to meet once the Primate has returned from a six-week stay in Rome

The cardinal met Mr Roman Malinowski, a Deputy Premier and head of the small Peasants party, on Monday to discuss the aid scheme under which some DM 5bn (£1.25bn) raised by Western churches would be distributed to farmers over a number of years. Gen Jaruzelski has given a go-ahead in principle for the controversial scheme which runs quite contrary to East European dogma on private farming.

Delays in talks among experts have given rise to fears that the general's commitment was being withdrawn. However, in the meeting with Mr Malinowski, who would not have displayed public interest without Gen Jaruzelski's approval, the Primate was assured that work preparing the scheme would be speeded up.

SEC wants conference on secrecy disputes

By John Wicks in Zurich

A SENIOR U.S. official yesterday suggested the holding of an international conference to solve disputes on the policing of securities markets such as the current row between the U.S. and Switzerland over banking secrecy.

Mr John Fedders, Director of the Enforcement Division of the U.S. Securities and Exchange Commission, told a Zurich seminar that it might be time for a conference of law enforcement officials from countries with securities markets and those with banking secrecy laws "to search for neutral principles for policing the growing internationalisation of the world's securities markets."

At the same time, he warned his Swiss audience that foreign investors in U.S. markets could not expect to hide behind the secrecy laws of their own countries. "If you want to trade in our markets, you must agree to play by the rules that apply to all participants," Mr Fedders said.

His remarks constitute the latest shot in a series of legal battles between the U.S. and Swiss authorities. The two sides have been in conflict over alleged insider trading on U.S. markets by customers of Swiss banks, and more recently over the U.S. investigation of alleged tax evasion by the Swiss-based commodities trader Marc Rich AG.

One possible way out of the Marc Rich impasse, Mr Fedders suggested, might be to get the Swiss to apply the concept of "aquiescence by conduct," under which a decision to invest in or operate on U.S. markets from abroad would be seen as showing an explicit intention to waive normally applicable secrecy provisions.

Greece seeks names of Swiss bank clients

By Andriana Ierodiaconou in Athens

GREECE HAS asked the French Government to be allowed to look at the secret Swiss bank client lists in its possession in the hope that these may reveal the names of illicit Greek depositors, a Government spokesman announced in Athens yesterday.

The request is part of a current crusade by the Socialist Government of Dr Andreas Papandreou against economic corruption. The flight of capital through clandestine accounts abroad has been a chronic problem of the Greek economy.

David Marsh adds from Paris: The French Government is likely to be embarrassed by the request from Athens. Officials at the Budget Ministry, which deals with customs matters and has masterminded investigations into French capital flight, were yesterday disinclined to take the Greek move seriously.

Poll excitement in Bremen gives way to shipyard gloom

BY JOHN DAVIES IN FRANKFURT

THE EXCITEMENT of electioneering and dockside protests is over in the West German port-city of Bremen. The bleak reality of the shipyard crisis remains, with job losses looming.

At the crack of dawn yesterday, workers streamed through the gates of AG Weser to resume their normal jobs, after ending a defiant week-long sit-in at the shipyard. Politicians, fresh from victory at Sunday's local poll, began bracing themselves for the next stage in efforts to save as much as possible from the ruins of uneconomic local shipbuilding.

Before the election, many shipyard workers were calling for the head of Herr Hans Koschnick, the governing mayor. But at the decisive moment, the majority of city voters turned again to the rough diamond who has ruled, through good times and bad, for 16 years.

At city hall, officials are still waiting for a report from outside experts who are examining alternative plans for the future of the local shipyards.

The plans involve shipyard mergers and a sharp reduction in jobs, but differ in where the heaviest blows will fall. A Bremen official said that the experts' report on the feasibility of the plans might be ready later this week.

After studying the report, the Bremen Senate will decide which strategy to back to try to give the industry some future, and then appeal to the Bonn Government to join it in providing financial aid.

One plan—which touched off the sit-in by shipbuilding workers—involves the closure of the main, 137-year-old shipyard of AG Weser. Shipbuilding would be concentrated at Bremer Vulkan and at AG Weser's smaller Seebeck yard, while ship-repairs would be handled by Hapag Lloyd.

This plan, proposed by the shipyard managements, would mean the loss of about 2,000 of the 10,000 shipbuilding jobs in Bremen.

The companies have asked the local and federal governments to meet half of the estimated DM 230m (£57.5m) cost involved in the merger and restructuring operations.

Another proposal would save all major shipyards but would likewise involve heavy job losses.

The Bremen government has made clear there is no hope of saving all jobs. While it is willing to provide aid from its own coffers, it is also trying to squeeze as much as possible from Bonn.

Ministers in Bonn added fuel to the recent electioneering fire in Bremen by accusing the local government of mismanaging the shipyard crisis. Count Otto Lambsdorff, the Economics Minister, strongly attacked Herr Koschnick and has insisted on a detailed plan for the local shipyards before promising one pfennig of aid.

At other ports, the shipyard crisis is also taking a tortuous path. In Hamburg, where workers staged a sit-in earlier this month, it is widely accepted that Howaldswerke Deutsche's Werft (HDW) will go ahead with plans to dismiss more than 1,300 workers.

Shipyard workers have been up in arms at plans to end commercial shipbuilding at HDW's Hamburg yard, but the Government-owned organisation is determined to press ahead.

At Emden, too, Thyssen Nordseewerke has just announced plans to dismiss about 650 of the 3,600 workers during the next 12 months.

West Germany's shipbuilding crisis is the result of a steady erosion of its competitive position and the slump in world shipping orders. Most of the few orders available for new ships have been going to competitors such as Japan, South Korea, Spain and Brazil.

E. German exchange rules for visitors eased slightly

BY LESLIE COLITT IN BERLIN

EAST GERMANY has abolished a compulsory currency exchange requirement for children up to 15 from the West who enter the country. West Germany said it hoped the move was a "first step" towards further reductions.

The amount of money Westerners had to exchange at the border was tripled by East Germany in 1980 to DM 25 (£6.25) per day and exemptions for children and retired people were ended.

It led to a 40 per cent drop in the number of West Berliners and West Germans, especially the elderly, who were able to visit East Germany. Bonn has repeatedly insisted that East Germany would have to reduce the exchange requirement before their relations could improve.

The Inner German Relations Ministry in Bonn said the latest East German step was not an adequate basis for a further Government guaranteed loan to East Germany. West German banks last June granted East Germany a DM 1bn loan, guaranteed by Bonn, which was used to repay debts to Western banks. These are estimated to be between $3bn and $4bn this year.

East Germany is said by Western bankers to be greatly interested in more financial help this year, so that some additional moves to improve access to East Germany for Westerners are expected.

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CDU sharpshooter takes aim at Left's position on missiles

BY JAMES BUCHAN IN BONN

HERR HEINER GEISSLER, the general secretary of West Germany's ruling Christian Democrat (CDU) party, looks a little like the actor Lee Marvin. He is currently in the front lina of the country's debate about deployment of new nuclear missiles—and his arguments are the rhetorical equivalent of a six-gun.

Herr Geissler, 53, is happy on the political frontier, fulfilling those messy but necessary tasks that the good citizens of the township, such as Chancellor Helmut Kohl, the CDU chairman, prefer not to hear about. Occasionally, when taxed with breaching West Germany's rather small-town standards of political decency, Herr Geissler allows his bang-dog features to relax into a smile: "This isn't the time for democrats to be timid and easy-going," he says.

It was Herr Geissler, the No 2 man in the CDU since 1977, who earlier this year compared the German "peace movement" against the Nato missiles with the pacifists of the 1930s. These, he said, had made Auschwitz possible.

This was a bit hard since many German pacifists perished in concentration camps, and there was anger on every side, including from within the government. Herr Geissler explains that ha also meant Bertrand Russell and the British Labour Party, but did not retract.

Last week, Herr Geissler was at it again, this time against the Social Democrats (SPD) whose misgivings about missile deployment are hardening almost daily. Reacting to an outright No from the important Baden-Wuerttemburg SPD, Herr Geissler said in a speech that the SPD, "whether it likes it or not, is becoming a fifth column of the other side in the intellectual debate in the Federal Republic."

After a furious leafing through Duden, the German equivalent of both Fowler and the OED, the SPD reacted. Herr Helmut Schmidt, the former SPD chancellor who still champions Nato policy—and a man not known for scrupulous politeness—wrote to both Herr Kohl and President Karl Carstens claiming his party bad been libelled as spies and saboteurs.

However, so far only Herr Geissler bas answered the letter. Herr Kohl, who looks for agreement, not conflict, and has a better feel for bow sucb remarks go down, is not over-happy with his lleutenant's methods but has refused to restrain him.

Herr Geissler belong to the small circle around the chancellor known as the "Mainz mafia," baving served there as minister wben Herr Kobl was prime minister of the state of Rhineland-Palatinate. Both men are Roman Catholics, but Herr Geissler has a jesuitical fondness for taking arguments to distant ends. "He cannot imagine anyone sbould not agree with his arguments," a friend says. For a couple of years up to the beginning of 1982, party chairman and general secretary were scarcely on speaking terms.

Herr Kohl, in public at least, teods to pooh-pooh the possibility of a "bot autumn" of opposition to missile deployment if the current U.S.-Soviet negotiations produce no result by the deadline in November. However, with at least 1m people likely to demonstrate against the missiles next month, Herr Geissler thinks the Government must go on the offensive. "The arguments for defence bave been lost in maoy circles in the country, and it's partly because the SPD did not do its duty," he said in an interview.

Herr Geissler argues that the SPD, by withdrawing from the Schmidt position and accepting, as of last Friday, the Soviet argument that deployment of U.S. missiles is unnecessary because of Britisb and French forces, is making such talk "respectable." "Revolutions today are not made by capturing railway stations or telegraph offices but by words," he says.

He also says that an SPD No to deployment is only a "first stage" to pulling Germany out of Nato. While even Herr Schmidt would vigorously deny this, Herr Geissler seems to want to tar the many Germans with misgivings about deployment with a neutralist brush.

It is an opeo question whether Herr Geissler is really helping Herr Schmidt or Herr Vogel restrain grass-roots SPD pressure to say No to deployment even before the negotiations are finished. Already six state parties have come out against deployment, including Herr Schmidt's Hamburg, and even the conservative Berlin party needed a mighty effort from Herr Vogel on Sunday to be persuaded to wait a little before saying No. Another question is whether Herr Geissler's "intellectual civil war," as the SPD calls it, is really helping the Government prevent heat building up beneath a "hot autumn."

But Herr Geissler tends to shoot first and ask questions later.

Herr Geissler . . . happy on political frontier

Moscow presses hard for change in Bonn policy

THE SOVIET UNION made clear yesterday that it intends to stick to its strategy of fostering European support for its earlier disarmament proposals, rather than match the U.S. concessions laid out by President Ronald Reagan in his speech on Monday to the United Nations, writes Devid Buchan.

It has dismissed the Reagan proposals as "gross distartions of generally known facts, demagoguery, disinformation and blatant lies."

Tass, the Soviet news agency, yesterday switched focus to West Germany, where it is said the poor showing of Christian Democrats in Hesse and Bremen regional elections were further proof of the unpopularity of the Kohl Government's support for U.S. missile deployment.

The Reagan concessions evidently do not go far enough for the Kremlin—certainly not for it to abandon its position of flat opposition to deployment of any U.S. missiles, at a time when this position is gaining some support in West Germany.

Far from giving up when Chancellor Helmut Kohl and his conservative coalition won a big majority in the March general election, the Soviet leadership and media have redoubled efforts to encourage the swing in defence policy taking place in the opposition Social Democrat Party (SPD).

Despite further souring of the East-West climate by the destruction of tha South Korean airliner, Herr Hans-Jochen Vogel, parliamentary leader of the SPD, has now come out in favour of President Yuri Andropov's proposal that the Soviet Union cut its SS-20 missiles to the level held by Britain and France, without any new U.S. ones.

Given that it is still playing to European, in particular West German, public opinion, the Kremlin has had belatedly to devise a strategy to limit political damage from the Korean airliner incident.

The pattern in this bas now become clear. The top military brass, from Marshal Nikolai Ogarkov, the chief of staff, has been "deployed" out front, to explain at an nnusual series of news conferences the Soviet version of what bappened, to justify the shooting and to make the counter-allegations of espionage against the U.S.

A second echelon of journalists, commentators, civilian party officials has been anthorised to convey, amid a confusing welter of hints and retractions, the impression that the airliner shooting was the work of the military, not its political hosses. To complete their "distancing" from the incident, members of the Polithuro, incinding even Marshal Dimitri Ustinov, the Defence Minister, have stayed silent abont it publicly.

French newspaper readers tire of too much pride and prejudice

BY DAVID HOUSEGO IN PARIS

"WE ARE sorry, dear readers," wrote the French daily Le Matin in a front page editorial one morning in June when the FT was also absent from the bookstands because of a strike, "not to have been with you for 48 hours."

It added that production had been atopped by a journalists' strike in response to management plans to make drastic cost savings, including cuts in editorial staff. "We are facing a crisis," the paper said. Not only it but a number of other papers were in financial difficulties.

President Georges Pompidou in the early 1970s had his own simple answer to the problems of the Frencb Press. He told a gathering of newspaper directors that France needed only four national papers: "Two in the morning and two in the evening, two for those who go by Metro and two for those who go by taxi." (M Pompidou's friends say that he meant Le Monde and Le Figaro for the taxi travellers and Le Parisien Libere and France-Soir for those who go by Metro).

Many observers believe that M Pompidou was fundamentally right. But a Socialist administration would be unlikely to permit a shake-out that would bring a further concentration of ownership and diminish the plurality of views.

The readership of daily papers in France has been steadily falling since the war with total circulation down to 9.3m in 1982, compared with 12.4m in 1970 and 15m in 1946. The biggest losses have been suffered by the major Paris dailies whose total circulation feli 25 per cent between 1975 and 1981, compared with a 3 per cent fall for the provincial Press.

Advertising revenue has also been sharply falling—a casualty to either television or tha dramatic growth of the weekly magazines, including serious ones like Le Nouvel Observateur, Le Point and L'Express. The only way that newspapers have been able to fight this trend has been to launch their own colour supplements as the conservative newspapers Le Figaro and France-Soir have done. Le Monde thought of doing the same this year but a project for a colour magazine was turned down by its journalists as being out of character with the paper.

Le Monde

Virtually all the national papers are making losses. The most dramatic has been Le Monde's move into the red with a deficit last year of FFr 17.7m (£1.5m), largely due to the loss of some 35,000 readers—9 per cent of its circulation. It expects a further similar deficit this year.

The pro-Socialist Le Matin, with an estimated circulation last year of 178,000. (French papers are reticent in giving figures) is the most fragile. It changed editors in 1982, closed down regional editions, and cut staff but still lost some FFr 10m. Its criticisms of the Government displeased Socialist loyalists while failing to win new readers.

LE FIGARO

Le Monde, the one French paper with international stature, has a circulation of 400,000 and bas also been trimming its costs. It has cut editorial expenses and bonuses, encouraged early retirement and will soon ask journalists for further sacrifices. But it is seeking to preserve the breadth of its foreign coverage—one of its major strengths. The loss of readership has been among the young and executiva class, who are disaffected with politics, international affairs and ideology, says M Andre Laurens, the editor-in-chief.

It has lost ground in part because of two mistakes it made years ago—failing to make the switch to being a morning paper and investing heavily in printing facilities in Paris which have deprived it of the speed of delivery of its rivals who send editions by facsimile to the major provincial cities. "Le Monde suffers from the sin of pride," says another editor.

Many of the readers who left Le Monde have turned to Liberation, circulation 100,000. From being an irreverent, anarchic broadsheet of the young and offbeat, its editor, M Serge July, now flaunts the ambition of making it "the major morning newspaper of information." Liberation's sales have shot up—in the first six months of the year, its sales in the Paris region were over 40 per cent np on a year ago.

Also making gains in circulation, though far more modestly, is the polemical Right wing Le Quotidien de Paris (75,000). M Philippe Tesson, its owner and editor-in-chief, has no ambitions to provide a journal of record. What pleases him he says, is to bring out a paper "that gives Francois Mitterrand a pain in the stomach and makes the mediocrities around him recoil in fear."

Printed in tabloid form with arresting headlines ("Heil Gromyko" wben the Soviet Foreign Minister recently arrived in Paris), M Tesson sees his audience as the "liberal, forward looking" right. Sales jumped after the Socialists came to power but have since fallen.

The other major Right wing daily, Le Figaro (336,000) is unremitting in its crusade against the Government. Its chairman, M Andre Audinot reflects the views of Catholic, conservative France when he saya that President Mitterrand bas brought Communists into the Government "which be need not have done" and is "inflicting on France a more and more Marxist policy." Adds M Jean Miot, a director of the paper, "we are fiercely in opposition."

Le Figaro is the flagship of the Hersant group of newspapers—the largest in France—including France Soir (429,000) and several provincial dailies. It accuses the Government of curbing the liberty of the Press by harassing the Hersant papers with legal suits, tax claims and—in the summer—discriminatory action in preventing Le Figaro from raising its cover price. Le Figaro's innovations have been in its acerbic headlines and its large glossy weekly colour magazines. Its reporting tends to be official and dull.

The financial squeeze on newspapers would have been worse if friendly benefactors had not stepped in to help. Liberation got a cash injection last year from a group of industrialists that included M Jean Riboud, president of the Schlumberger oil and electronics group, and a friend of M Mitterrand. France-Soir, making heavy losses, was for sale in 1981 before unknown well-wishers provided funds that have preserved it for the Right. L'Humanite (140,000) the Community Party daily, has also had to cut editorial staff but is backed by party funds.

But newspapers in France also benefit from government support in a way inconceivable in Britain. For years the budget has provided direct grants to newspapers with small circulation—at one time L'Humanite, Liberation and La Croix have all been beneficiaries.

One problem the French Press does not face is union opposition to changes in printing technology. The Communist-controlled print union, the Syndicat du Livre, decided six years ago that it would have to adapt. French papers are thus blessed with a technology more up to date than most in Fleet Street.

AMERICAN AND OVERSEAS NEWS

Bigger role for World Bank urged by Clausen

BY STEWART FLEMING IN WASHINGTON

Clausen . . . plea fnr support

MR A. W. CLAUSEN, President of the World Bank, called yesterday for a bigger role for the development institution in order to buttress the global economic recovery and offset the financial pressures facing developing countries.

Mr Clausen's remarks to the annual meeting of the World Bank and the International Monetary Fund followed the announcement that the development committee of 21 finance ministers has made progress towards increasing the capital of the World Bank.

But the outlook for the timing and size of an increase in the funding of the International Development Association (IDA) the soft loan arm of the World Bank, remains uncertain.

Privately, officials of the bank were expressing satisfaction yesterday that although the moves which the development committee made fell short of what the bank's management had been hoping for, broad agreement seems to have been reached on the scale and timing of a selective capital increase for the World Bank.

The development committee announced that "most members agreed to a selective increase of about $8bn (£5.3bn)" with details to be worked out by the end of this year.

The figure falls well short of the $20bn which developing countries had been pressing for and is short of what the World Bank management had hinted it would like.

But it is well above the $3bn which was also discussed, a figure believed to have been recommended by the U.S.

The bank's management has also been given the green light to make preparations for a general capital increase later, but this is tied to a fundamental review of the future role of the institution, at a time of a slowing down in both private, commercial and official development lending.

On the IDA, the development committee says only that "ministers recognised that the size of IDA should be agreed at a realistic level." The bank's management has been making a case for a $16bn increase in IDA funds, but a lower level of $9bn is also being mentioned.

The go-ahead has been given, however, for detailed work on a $750m increase in the capital of the International Finance Corporation (IFC) with the aim of expanding its capacity to make equity investments during the years 1984-88.

In his speech to the annual meeting, Mr Clausen urged that moves to boost the capital of the World Bank and the resources of the IDA are essential not only to help developing countries "struggle with problems of adjustment and debt" but also to contribute to the durability of the economic recovery.

He described the World Bank as an institution which is "underutilised," adding: "An institution in which the capital markets daily demonstrate their confidence is an institution which could and should intermediate much larger amounts."

And he argued strongly that government's must make a political commitment to increasing the resources of the IDA "in order to avoid a hiatus in IDA operations."

Even a $16bn increase in IDA resources would provide only a marginal real increase for most of IDA's low-income borrowers and modest resources for China and India, he said.

Creditors agree $11bn rescue package in principle but believe major hurdles are still to be overcome

Bankers face uphill struggle to complete Brazil deal

BY PETER MONTAGNON IN WASHINGTON

MONDAY NIGHT'S curt announcement from Mr Jacques da Larosiere, that Brazil's creditors had agreed in principle to a new $11bn (£7.3bn) debt rescue package, will yield almost as much excitement among bankers at the IMF meeting here as the Australian victory in the America's Cup.

Most of the bankers were by that time deep into their second cocktail party of the evening, but the fact that the party circuit did not immediately switch to the same kind of champagne splashing exuberance as the Australian sailing club parties now being flashed across U.S. television screens, reflects more than just the natural reserve of the banking profession.

For behind the relief that a package has finally been defined which will see Brazil through the end of next year, all the bankers concerned are aware of the uphill struggle which still lies ahead as they try to complete their side of the deal.

This will involve a $6.5bn loan —the largest single borrowing ever arranged for a sovereign country in the Euromarkets and arguably the most critical international financial operation ever undertaken.

Annual Meeting

Mr de Larosiere has made it clear to Brazil's bank creditors that the country's economic adjustment programme will not be viable without this loan. If the banks fail to produce the cash it will be hard to avert a default on Brazil's $90bn foreign debt.

The 14-bank advisory committee, chaired by Citibank, is already swinging into action at the IMF's annual meeting here. Bankers close to the committee hope to produce a detailed plan for all bank creditors within the next two weeks setting out the terms of the $6.5bn loan as well as conditions for the refinancing of some $5bn in bank debt maturing next year, arrangements to maintain short-term trade lines to Brazil, and to ensure Brazilian banks continued access to the international money markets.

BRAZIL'S NEW MONETARY NEEDS TO THE END OF 1984 (in $bn)	
Commercial bank loan	6.50
Refinancing of export credit through Paris Club	2.00
U.S. Eximbank credits	1.25
Other official credits	1.25
Total	11

Some special roles have already been assigned to individual banks — Morgan Guaranty will handle the new loan facility, while Citibank will handle the rescheduling. Manufacturers Hanover is to co-ordinate the responses of the U.S. banks.

But privately several senior bankers admit there are a number of major hurdles to overcome before the package can be completed.

● Considerable reserve remains among smaller banks. Their reluctance to lend to Brazil prompted the advisory committee to tell Mr de Larosiere that $6bn was the maximum available from the market.

On Monday Mr de Larosiere asked the banks for nearly $7bn and only after heated discussion was this figure whittled down to $6.5bn. The balance is to be provided by an extra loan from the Inter-American Development bank.

● Monday's speech by Dr Fritz Leutweiler, president of the Bank for International Settlements, in which he said that commercial banks would have to write off some of their loans to developing countries, has been greeted with dismay by senior U.S. bankers.

They point out that support from Continental European central bankers for the new package will be crucial to its success.

● Doubts remain about the Brazilian Government's ability to push its new salary law limiting wages increases to 80 per cent of inflation through its congress.

De Larosiere . . . loans vital

The whole Brazilian debt rescue package, including its $4.8bn IMF loan, depends on this.

The IMF is waiting until mid-November before approving this loan as it will take that long for the congressional hurdle to be passed.

By then also the banks are supposed to have their package ready. The carrot for creditor banks is the knowledge that their consent to the new package will put Brazil securely back on the road to financial recovery after months of anguished worry.

Bankers on the advisory committee are hoping that this carrot will be tempting enough to get the loan package off the ground.

They believe that further help will come from Brazil's new central bank governor, S Affonso Celso Pastore, who has made a highly positive impression on the financial community since his appointment earlier this month.

S Pastore has shown that Brazil does have the determination to push its austerity programme through, said one banker.

"In any case," he added, "nobody believed that we could arrange a $5bn loan for Mexico last winter. We managed that, and we'll manage this one too."

Reagan to step up campaign for IMF Bill

BY ANATOLE KALETSKY IN WASHINGTON

THE "unbreakable commitment" to the International Monetary Fund asserted yesterday by President Ronald Reagan will be followed in the next few weeks by a major presidential effort to extract an IMF funding Bill from the recalcitrant Congress, according to a senior Administration official.

The White House said that Mr Reagan's speech to the IMF-World Bank annual meeting was intended to leave finance ministers from the IMF's 146 member nations in no doubt that the President would do his utmost to ensure ratification of the $8.4bn U.S. contribution to the IMF. It was also designed to show that he understands the gravity of the threat which would face the world economy if the U.S. commitment to the Fund should founder.

A vital element in the Administration's campaign to push the IMF funding Bill through Congress will be the agreement reached on Monday morning to modify the amounts member countries can borrow from the Fund in future.

This is being viewed in the U.S. as a major victory over the developing countries and other Fund members which were calling for larger access to IMF resources.

Although there will be no reduction in any country's borrowing limits, and there could be increases of up to 25 per cent for some countries, the new formula is being presented by the U.S. media, at the behest of the U.S. Treasury, as a cut in resources available from the IMF.

As such it will reassure political quarters where "the IMF isn't seen as a responsible organisation", said Mr Donald Regan, the U.S. Treasury Secretary.

However, there is still little or no prospect of the IMF Bill being passed much before the middle of November, when Congress breaks up for its Thanksgiving recess.

Although President Reagan yesterday denounced the "political posturing and unreasonable demands" coming from Congress over the Bill, he will have to indulge in some political horse-trading to get the Bill through, according to congressional officials.

The Administration's public relations success in limiting the access to IMF funds by developing countries may help to impress a handful of the right-wing opponents of the IMF Bill but unless he can muster a clear majority for the Bill among his own Republican Party, the President will have to make concessions to the Democrats as well.

Reagan . . . denounced political posturing

De Larosiere says debt problems will continue

BY MAX WILKINSON IN WASHINGTON

THE PROBLEMS of the world's debtor nations will continue for a long time in spite of recent signs of recovery, Mr Jacques de Larosiere, managing director of the International Monetary Fund, said yesterday.

He told the opening session of the Fund's annual meeting in Washington that a "long period of convalescence" would be necessary before the economies of the heavily indebted countries were restored to health.

He emphasised that it was essential for the stability of the international system that the IMF continue to play a major part in helping debtor countries to adjust their economies.

He said it was a complete misunderstanding of the Fund's role to think that it imposed conditions which restricted recovery.

The adjustment of these countries would have to take place anyway. He said: "The choice is not adjustment or growth, it is a choice between adjustment or more inflation and higher unemployment."

Mr de Larosiere said that industrial production in the seven major industrial countries was estimated to be some 6 per cent higher in July than it was in December last year and the total output in the industrial world was now expanding at the rate of about 3 per cent to 4 per cent a year.

The recovery, led by the U.S., was having a beneficial impact on world commodities and on the growth of world trade. Commodity prices in August were 14 per cent higher than the depressed levels towards the end of last year.

Israeli concern on foreign debt

BY DAVID LENNON IN TEL AVIV

THE POLITICAL crisis in Israel caused by the budget legislation of Mr Menahem Begin, when he was Prime Minister, is contributing to a deepening of the economic difficulties facing the country.

The news that the foreign debt grew in the first half of the year by $550m to a record $21.5bn has set alarm bells ringing within the Bank of Israel, the central bank. Officials say that though the increase is a relatively mild 2.6 per cent, it does indicate that the economy is still going in the wrong direction.

Budget cuts which were approved by the Cabinet more than six weeks ago have not been implemented. This is because of opposition from the Tami Party, one of the junior coalition partners which Mr Yitzhak Shamir is trying to keep in his planned new coalition.

There is some concern that the foreign currency reserves may be depleted to avoid expansion of borrowing abroad. Since July, the Bank of Israel has stopped taking out loans to cover the losses caused by the balance of payments deficit. This has resulted in a $130m drop in foreign reserves during July and August.

At the Bank of Israel, officials say the country does not have a problem at present with its foreign debt, and they deny reports that debtors overseas are subjecting Israeli requests for loans to increasingly tough scrutiny.

But, they warn, if the Government does not cut public spending and curb private consumption, then the situation will become more serious every month. If there are no cuts in the budget, then Israel will face real problems in a year or two, the bank officials say.

Worried by the failure of the Government to implement the cuts approved last month, the officials claim that the politicians apparently fail to understand that the economy does not stand still while the political parties try to reach a new coalition agreement.

Yesterday, leaders of the ruling Likud bloc again met representatives to the opposition Labour Party to discuss the possibility of forming a national unity government.

The economy was one of the main topics at the meeting, and there was little disagreement between the two rival parties over the need to take strong steps to curb inflation and reduce the balance of payments deficit.

They all agreed with the recent IMF report that there must be cuts in public spending, a decrease in domestic consumption, and that measures must be taken to make exports cheaper and imports more expensive. It is not so certain whether the parties also agreed that the first step in this direction must be to get rid of Mr Yoram Aridor, the Finance Minister, who had presided over the economic decline.

However, even if Likud and Labour can agree on a common economic and social policy, they remain deeply divided over policy towards the West Bank.

Following the first coalition talks on Monday night, both sides said that the greatest problem between them concerned the policy of settlements in the West Bank.

Venezuela to speed payments

By Kim Fuad in Caracas

THE VENEZUELAN Government has finally opened the way to limited payment of the country's estimated $8bn private sector foreign debt at preferential exchange rates.

A 10-article decree issued allows private companies to repay principal and interest on their financial debts at 4.30 bolivar per dollar rate up to the end of the year, pending approval by a commission headed by the exchange controls office (recadi).

The decree is seen as a stopgap measure to bring about $400m in overdue private sector interest payments up to date as demanded by international bankers.

Nicaragua rebels launch new offensive in north

BY TIM COONE IN MANAGUA

RIGHT-WING guerrilla forces have again succeeded in damaging an important road bridge in the north of Nicaragua on a main commercial route to Honduras.

The 100-metre-long bridge crosses a deep valley a few miles south of the town of Ocotal, and was damaged by explosives on Monday morning.

The assault was launched simultaneously with a number of other attacks on towns and villages in the Nueva Segovia and Madriz departments, including the main town of Ocotal with a population of some 20,000 people.

The guerrilla organisation UDN-FARN, which has previously operated from Costa Rica in the south, was apparently responsible. Unconfirmed reports say that the leader of the UDN-FARN – Fernando "El Negro" Chamorro – was killed during an attack at the border crossing of El Espino, which, after the damage to the Ocotal bridge, is now the only border crossing for vehicles into Honduras from Nicaragua.

● Rebels based in Honduras seized El Espino in stiff night fighting with mortars and other heavy weapons. Government troops here prepared to counter-attack against the rebels early on Tuesday, AP reports from Somoto.

Setback for Canadian reactor

By Nicholas Hirst in Toronto

THE CANADIAN designed and built Candu nuclear reactor system has received a new blow to its prestige. Preliminary inspection of a pressure tube which suffered a catastrophic failure at the Pickering power station in Ontario last month has shown it is unlikely the accident was caused by a unique event.

Officials of Atomic Energy of Canada and Ontario Hydro, which operates the reactor in which the rupture occurred, had hoped it would turn out to be caused by a foreign object left in the reactor when it was constructed.

But investigations at ACCL's Chalk River laboratory have shown that the cracked pressure tube had 10 little blisters on the outside. The crack which caused the tube to fail starts at one of the blisters.

Mr William Morrison, director of design and development at Ontario Hydro, said the blisters contained zirconium hydrides which made the metal much more brittle and prone to cracking under stress.

Ontario Hydro officials now wonder whether they will have to replace all 390 tubes in the first two reactors installed at the Pickering power station. The other three working reactors at the station have a different form of zirconium alloy in their tubes.

China cool on U.S. offer of defence co-operation

BY MARK BAKER IN PEKING

CHINA APPEARS to have spurned overtures from the U.S. for closer co-operation on defence and strategic issues.

Zhao Ziyang, the Chinese Premier, emphasised yesterday that China was committed to an independent foreign policy and would not take sides with major world powers.

The Prime Minister's statement was being seen as further evidence of the People's Republic's new "even-handed" policy towards the superpowers. It seemed to confirm that, as Peking negotiates to normalise its relations with Moscow, it will resist attempts by the U.S. to draw it into an alliance against the Soviet Union.

Zhao also dampened expectations that China is about to make substantial purchases of military equipment from the U.S.

"Naturally, the U.S. side is willing to sell military equipment to China and if we have the need and the ability to buy military equipment from the U.S., I would not exclude such a possibility," he said.

"But China is a big country and needs to modernise its defences. We won't be doing that merely by relying on our own resources. But it would be inconceivable for us to rely on imports of defence equipment."

Japan industrial production rises 2.8%

JAPAN'S industrial production rose 2.8 per cent in August over the previous month's level, according to preliminary figures released by the Ministry of International Trade Industry (Miti) yesterday, Charles Smith, Far East Editor, reports.

The Economic Planning Agency said yesterday that its "diffusion index"—a composite of various indicators designed to give an overall picture of the economy's state of health—had exceeded the critical 50 per cent margin in July for the fifth successive month. A figure of 50 per cent on the diffusion index is considered to mean that the economy is recovering.

Michael Holman, recently in Harare, looks at the context of the air force officers' case

Why Zimbabwe's problems are black and white

"ASK THE average white businessman in Zimbabwe whether he is more perturbed by electrodes on air force officers or by price controls and labour regulations," said one long-time white resident, "and it will be the latter that produces the gloomy thoughts about emigration."

For all the furore abroad, the case of the six white air force officers, tortured in detention, acquitted of sabotage charges by a black High Court judge and then promptly rearrested (though three were eventually released), the impact in Zimbabwe itself has been very different. Both in Government and in the white-dominated business community, other preoccupations are paramount.

That is not to say that the affair is regarded with indifference. When Mr Robert Mugabe, the Prime Minister, accused Britain last weekend of interfering in the country's domestic affairs, he showed he was not only unrepentant, but also profoundly annoyed by the outcry. He and his Government are convinced that the international concern stems largely from the officers' colour, rather than from any wider human rights considerations.

For the dwindling white community, whose morale is already sagging, the case is unsettling, but they have more immediate worries.

The community, down to around 140,000 from a mid 1970s peak of 270,000 and leaving at the rate of between 15,000 and 20,000 a year, is more concerned about what it sees as falling health and educational standards, allied with doubts about career prospects for white children in black-ruled Zimbabwe.

For the Government, the consequences of the air force case may be felt when the U.S. and Britain, Zimbabwe's two largest aid donors, review next year's level of support. But the international outrage of past weeks is a comparatively minor matter compared with economic, security and internal party issues which increasingly concern it. Indeed, this is one reason why the Government initially underestimated the international reaction.

Mr Robert Mugabe: 'misjudged reaction'

On the economic front, the authorities face an embarrassing gap between the aspirations at independence and the tough measures forced upon them by the worst drought for at least 50 years, the recession in the West and the need to comply with the terms of an SDR 300m ($316m) International Monetary Fund (IMF) programme.

The removal of food subsidies, one of the IMF conditions for the loan, has seen the price of bread rise this month by 25 per cent, milk by 50 per cent and maize meal, the staple food, by 40 per cent.

The 80,000 school leavers who come on to the market each year are finding few jobs in an economy which grew by only 3 per cent last year (outpaced by a 3.6 per cent population growth) and is expected to decline by at least 3 per cent this year.

As sensitive as food prices is the slow pace of resettlement of peasant farmers presently living on the overcrowded communal lands. The Government's target is to more 162,000 families (about 1m people) by 1985 on to land previously owned by white farmers who have sold to the state. In the three years since independence, only 20,000 families have been resettled, a rate which barely keeps up with the population increase.

These issues are bound to be raised at a forthcoming election which is at least as important as the parliamentary polls likely to be held by the end of next year.

In May, 20 years after its ineugural conference, Mr Robert Mugabe's ruling Zanu party plans to hold its first full congress at which seats on the central committee will be et stake. The outcome is critical, for the central committee may well become the main policy-making body of the Government, with supremacy over the cabinet.

It is et this congress, scheduled to be held in Gweru, that the Government will have to defend its decision to implement the IMF package, and they know they will get a rough ride. It is far from certain that the Minister of Finance, Dr Bernard Chidzero, a technocrat rather than a politician, will win a place on the committee.

Meanwhile, the security problem in Matabeleland, scene of the killing or maltreatment of over 1,000 civilians by the national army's North Korean-trained Fifth Brigade in their campaign against anti-Government dissidents, remains. Dissident activity is sporadic but still disrupts economic activity, including the 700 commercial farmers in the area, and normal life in the regions.

The redeployment of the Fifth Brigade in the province earlier this month suggests that the Government has yet to bring the problem under control. As long as tensions remain in Matabeleland, stronghold of Mr Joshua Nkomo's Zapu party, the prospects of a merger between Zapu and Zanu and a more stable country, are remote.

It is a disquieting list: food prices, jobs, land, security – not to mention other post-independence problems such as the loss of some of the best talents in the civil service, black and white, to the private sector.

If the Zimbabwe Government has handled the air force case badly – and even its staunchest sympathisers here agree that it has – at least part of the explanation is its preoccupation with a formidable set of other problems.

Ministers lose seats in Kenyan election

By Michael Holman in Nairobi

FOUR Kenyan ministers have so far lost their seats with a little over half the results announced in the country's general election, in what appears to be the lowest voter turnout in a poll since Independence in 1963.

The outcome may well prove a disappointment for President Daniel arap Moi who, in calling the election a year earlier than necessary and in making corruption and loyalty the key issue, had been seeking a strong personal mandate.

If the final figures confirm the early indications, he has instead been met by widespread apathy and no clear trend in voter preferences, despite a four month campaign by the politicians.

In constituencies in the capital, Nairobi, and in Mombasa, the country's second largest city, turnout was around 30 per cent. Although higher in rural areas the overall figure is currently running at 47 per cent, the lowest poll in Kenya's five general elections.

Among the ministers who lost were Dr Manyua Waiyaki (Agriculture), Mr G.G. Garinki (Land), and Mr Titus Mbathi (Labour).

Dr Waiyaki, MP for Mathare since 1969, was standing in the country's largest constituency, a shanty area on the outskirts of Nairobi with 120,000 voters. Only 27 per cent turned out, however. Dr Waiyaki was defeated by Mr Andrew Ngumba, a former Nairobi mayor.

Voters appear to have been influenced by constituency issues rather than the candidates' perceived relationship with the President.

Thus the defeat of Mr G.G. Kariuki, a minister thought to be out of favour with Mr Moi, is offset by the failure of Mr John Keen, an assistant minister thought to be close to the President, to win re-election.

It had also been thought that politicians too closely associated with Mr Charles Njonjo, the former Minister of Constitutional Affairs dismissed by Mr Moi earlier this year, would lose out at the poll.

WORLD TRADE NEWS

EEC uncertain over policy in Japan

BY PAUL CHEESERIGHT IN BRUSSELS

THE EEC is plagued by uncertainties about the policy it should adopt towards Japan. Officials from the Commission are mulling over the inconclusive results of meetings held with the Japanese Government in Tokyo last week and may present recommendations to the Council of Ministers next month.

But it has become clear, in the estimate of officials in Brussels, that the twin aims of policy towards Japan are not producing marked results. These aims are to reduce Japanese sales in the EEC and open up the Japanese market for EEC products.

The accompanying table shows that, in spite of Japanese undertakings to exercise moderation in the sale of sensitive products to the EEC, the general trend so far has been upwards. Officials remain sceptical of the validity of the Japanese assurance last week that by the end of the year the figure will show that restraint has been noticeably evident.

The broad figures disguise movements in specific markets over the first seven months of this year compared with last. Although the import of video cassette recorders in France dropped by 43.7 per cent following unilateral restraints, they rose 36.2 per cent in the Netherlands.

Although the overall level of machining centres was up only 1 per cent, there was a 63 per cent increase in Belgium. France has imported 40.3 per cent more forklift trucks and the level of Japanese quartz watch sales in Ireland has risen 766 per cent.

Overall Japanese exports to the EEC are running 7 per cent higher than last year and if the trend is sustained until the end of the year the EEC trade deficit with Japan is expected to be $12bn (£8bn) on EEC figures and $10bn on Japanese calculations.

Despite warnings that protectionist pressures are building in the EEC there is no joint political approach developing towards a more restrictive import policy. This has been evident on the specific case of compact audio discs developed by Philips.

The Commission has been given a mandate to explore with Japan the cost it would have to pay in compensation for increasing tariffs on the products. But West Germany and Denmark are said to be opposed to any special measures of this type. In any case, Japan has apparently sought to avoid any discussion of the issue.

As far as the opening of the Japanese market is concerned, officials are doubtful whether any package designed to increase imports will work any better than its predecessors.

SENSITIVE JAPANESE EXPORTS TO THE EEC
% CHANGE—1983 first 7 months over same period of 1982

Cars	+23
Colour TVs	+3
TV tubes	+6
Machining centres	+1
Forklift trucks	+25
Audio cassette decks	+18
Quartz watches	+120
Motorcycles	−15
Video cassette recorders	−10
Lathes	−8

Source: Japanese official statistics

Sharp rise in anti-dumping complaints

EUROPEAN INDUSTRY is making increasing use of the EEC anti-dumping rules, according to a European Commission report submitted to the European Parliament. The number of investigations has climbed steadily over the past three years, writes Paul Cheeseright.

Last year 58 investigations into allegedly unfair trading practices of EEC suppliers were started, against 48 in 1981 and 25 in 1980.

The increasing number of actions reflects the strains felt in industry faced both by intense foreign competition and the recession. The experience in the EEC mirrors the use in the U.S. of trade complaint legislation by industry, most notably over the past two years by steel companies.

The major part of the EEC investigations was set off by the chemical industry, the Commission said in its report. The sector has one of the best organised and vigorous lobbies in Brussels.

Other significant sources of complaints were the mechanical engineering and iron and steel industries.

In all, EEC investigations involved 32 countries, but the U.S. was the largest single focus of complaints, with 21 cases, followed by Czechoslovakia with 13 and East Germany with 12. Disputes about what constitutes unfair trading have been a significant cause in the recent tetchiness of U.S.-EEC relations.

Cases lead to the definitive imposition of 28 duties 1980-82.

Japan to control robot exports to USSR

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

JAPAN has decided to control the export of sophisticated industrial robots to the Soviet bloc, a move warmly welcomed by the Reagan Administration as paving the way to wider robot controls in the multination CoCom organisation.

The Nakasone Government's decision is unilateral and, according to reports from Tokyo, the new controls on robot sales will be written into Japanese law by late November. But it follows intense pressure from Washington on its allies to stem the flow to the Soviet bloc of a fast-developing technology which is seen as the answer to a key Soviet weakness—a general inability to manufacture goods in large quantity at high quality.

U.S. officials have argued that robots are of strategic importance and are increasingly used in machining components for jet engines. Yet robots are not on the multilateral CoCom control list, though sales of their more rudimentary "first cousins" — numerically controlled machines—have been restricted for some years.

The U.S. made no headway in getting robots controlled in the first round of the current CoCom list review which ended in July, mainly because the heavy commercial interests which countries such as Japan and West Germany now have in robotics. But the Nakasone government has shown itself increasingly receptive to Washington's strategic trade arguments, apparently holstered by the recent defection of a KGB agent who revealed that Japan was the focus of considerable Soviet industrial spying efforts. Early signs of a Japanese policy switch on robots came before the shooting down of the South Korean airliner, but that event will only have confirmed the Tokyo Government in its new, tougher trade stance.

CoCom did agree this year to put large floating docks on its list of items embargoed to the Soviet bloc. The strategic issue here was clear-cut. A floating dry dock sold by Japan to the Soviet Union in 1978 ended up within a year in service with the Soviet Pacific Fleet in Vladivostock, just as a Scandanavian-supplied floating dock is now also being used by the Soviet northern fleet.

Japan, however, has shown itself sensitive in CoCom in the past to the liberalisation, started by the Carter Administration and now accelerated by President Reagan, in CoCom sales policy to China. Mr Caspar Weinberger, the U.S. Defence Secretary, is in Peking this week promising China defensive weapons such as radar and anti-aircraft and anti-tank weapons. Japan, like each CoCom member, has a veto on other CoCom members' sales which are exceptions to the embargo list. In return for doing U.S. bidding on trade with the Soviet Union, Tokyo may want to ensure that the U.S. does not go too far, too fast in arming its big neighbour, China.

Chinese may buy Acorn computers

By Jason Crisp

THE BBC microcomputer may shortly be sold to China. The Peking Government is currently evaluating the system developed in Britain by Acorn. If successful it will be the second British developed microcomputer to be sold in China. Sinclair Research is to provide China with its low cost ZX81 and Spectrum computers in kit form.

The Acorn computer is being offered to the Chinese by Wong Electronics, a Hong Kong-based company. Wong is a major subcontractor for Acorn. Yesterday it announced a US$45m (£30m) order from Acorn to build the computers for the U.S. market.

Acorn, which is to float 10 per cent of its equity on the London Unlisted Securities Market this week, is about to enter the U.S. market. Acorn is specifically aiming at the education sector. The computer will sell in the U.S. for $995, including a disc drive, voice synthesis and a networking facility. It faces very strong competition from Apple, Commodore, Tandy and IBM.

Wong has been a subcontractor of Acorn and a number of other electronics groups including U.S. companies such as Atari, Coleco and Osborne. By the end of next year Acorn products will account for 25 to 30 per cent of Wong's turnover.

Arabs to build Pakistan plant

By Mohamed Aftab in Islamabad

AL-GHURAIR Group of Dubai is to build a $180m (£120m) diammonia phosphate (DAP) plant at Thatta, in southern Pakistan.

The unit will go on stream within three years and produce 1,000 tonnes of DAP fertilizer daily. It will be the single largest project in the chemicals private sector. Most heavy chemicals units in Pakistan are state-owned.

The unit will bring Pakistan nearer to self-sufficiency in DAP fertilizer, which is largely imported and has a large market in the southern Punjab and Sind provinces, Pakistan's two major farming areas. Pakistan is already an exporter of urea.

France accepts cars with part-Japanese content

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE FRENCH Government has dropped its plans to take action against vehicles, such as BL's Triumph Acclaim car, with part-Japanese content.

The French indicated last month that they believed 40 per cent of the Acclaim was Japanese and that from next year 40 per cent of Acclaim sales would be counted as part of the unofficial quota which limits Japanese car sales to under 3 per cent of the French market.

The action was seen in Britain as not directly aimed at BL or the Acclaim but as another attempt by the French to discourage Japanese investment in Europe.

The timing of the French move was thought to have something to do with the pressure the British Government has been putting on Nissan, the Datsun car group, to make up its mind about building a car assembly plant in Britain.

There is also a long list of other part-Japanese vehicles, including the joint Honda-BL executive car code-named XX and the recently introduced Alfa Romeo-Nissan saloon, the Arna, to be launched in Europe in the next few years.

M Laurent Fabius, the French Industry Minister, said in talks this week with Mr Cecil Parkinson, UK Trade and Industry Secretary, that his Government now agreed the Acclaim was a European car.

As a result, the British are now certain the Acclaim will not be counted against the Japanese import quota imposed by the French.

The Trade and Industry Department is also convinced that the French now clearly understand the impact their move against part-Japanese vehicles might have had on the EEC's objective of attracting inward manufacturing investment from countries such as Japan and the U.S.

Jellicoe mission to Malaysia aims to improve relationship

BY WONG SULONG IN KUALA LUMPUR

LORD JELLICOE'S trade and investment mission to Malaysia, beginning Saturday, is seen by both Malaysian and British authorities as a significant move in forging a healthy and mature economic relationship.

Because it is the first top ranking mission to Malaysia following the lifting of the "Buy British Last" policy of Dr Mahathir Mohamad, the Prime Minister, mission members have been carefully selected.

Lord Jellicoe, chairman of the British Overseas Trade Board, will lead an 11-man team, comprising senior bankers, industrialists and businessmen.

The aim is to impress upon the Malaysian political and business leadership of the sophisticated range of services and products developed by highly successful British companies which are available to Malaysia at competitive prices.

These companies are also prepared to invest, and bring part of their technology to Malaysia if the right partners and environment are found.

For example, Metal Box, one of the firms represented, will be discussing with its Malaysian partner (a government agency) about the prospect of new investments to expand their printing and packaging operations.

Another, the Commonwealth Development Corporation, a pioneer in many aspects of Malaysian development, is close to committing $12.8m (£8.5m) which would give it a 30 per cent stake in a Malaysian plantation.

Other firms in the mission would be discussing joint ventures in oil and gas development, aircraft maintenance, machine tools, computer software, as well as major contracts for power plants and engineering work.

The "Buy British Last" directive, issued in October, 1981, and only withdrawn by Dr Mahathir in April, still leaves a sour taste among British businessmen and diplomats, but the message has been clearly brought home.

Malays seldom complain, but when they do, the suffering must have been quite intolerable.

In protesting against what was considered to be the patronising and insensitive attitude of the British, towards Malaysia, the "Buy British Last" policy ironically underscored the enormous economic development in Malaysia and its Asean partners over the past two decades. It brought into focus the opportunities British companies had lost in what is a rapidly expanding market.

Twenty years ago, British exports to Malaysia amounted to 20 per cent of its imports. Last year, British exports, totalling £211m were only equivalent to 4 per cent of Malaysian imports.

Malaysian exports to Britain in 1982 were worth £185m or 3 per cent of its total exports.

Given the right attitude and cultivation of the right contacts, this diminishing importance in bilateral trade can be reversed.

By and large, the trauma and acrimony suffered by British companies in Malaysia from the relentless pressure of the new economic policy has subsided. The rules of the game are now clear.

The plantations and tin mines are now Malaysianised and British banks have given an undertaking to follow the same path.

Lord Jellicoe's mission represents the prospects of a new pattern of British investments, one in the form of technology and industrial-orientated goods that is welcomed by the Malaysian Government.

Despite the new economic policy, British investments have not fallen in absolute terms. These investments in some 200 Malaysian companies amount to close to £1bn.

This is partly due to the pretty hefty revaluations of many of their assets, and partly because many British firms are ploughing back their profits for reinvestment.

The great majority of British subsidiaries in Malaysia have been highly successful—Dunlop (despite its trouble elsewhere), the Blue Circle group, Metal Box, Malayan Tobacco, Rothmans Malaysia, Guinness, Shell, ICI, and the Standard and Chartered Bank.

It was Unilever which introduced the wonderful West African pollinating weevil, which has resulted in greatly improved yields on Malaysian palm oil estates.

Lucas has recently started making electronic components in Johore State.

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UK NEWS

Coal pay talks open as NCB takes hard line

BY JOHN LLOYD AND MARK MEREDITH

MINEWORKERS' leaders yesterday opened talks with the National Coal Board (NCB) on a "substantial" wage claim and announced a further drive to strengthen resistance to pit closures.

The talks, in which the National Union of Miners has not yet committed itself to a figure, come amid increasing signs that the NCB is cracking down hard on pit closures and discipline.

The NCB is apparently putting its Scottish area at the forefront of efforts to achieve greater productivity. It is taking an uncompromising stance, despite protests from the 14,000 Scottish miners and their unions, on issues such as working conditions and the future of the 14 area pits.

The National Coal Board has apparently put its Scottish area at the forefront of efforts to achieve greater productivity. The board has taken an uncompromising stance, despite protests from the 14,000 Scottish miners and their unions, on issues such as working conditions and the future of the 14 area pits.

Two developments which have angered Mr Mick McGahey, the Scottish union president, have been NCB letters sent to miners to threaten dismissal because of poor productivity, and direct approaches to miners over 50 years old to offer voluntary redundancies.

An official of the NCB said yesterday that the usual conciliation and consultation process with the unions was being observed. But the National Union of Miners disputes this.

About 30 men on one face of the Killoch pit in Ayrshire have been sent letters threatening dismissal unless productivity improves within two weeks. A similar letter was sent to miners who have been on strike for two weeks at Monktonhall colliery, near Edinburgh.

The NCB seeks 300 voluntary redundancies from men over 50 at Monktonhall, a decision which started the strike among the 1,500 miners.

The Scottish area of the NCB under Mr Albert Wheeler, its director, may well feel that the unions are in a weak position despite a tradition of militancy in the Scottish branch of the NUM.

Last Christmas, Scottish area miners refused to back a strike to prevent closure of Kinneil colliery, west of Edinburgh. More recently, miners at Cargowan colliery, east of Glasgow, voted not to strike over closure plans. The Coal Board had offered miners alternative jobs at other pits.

The NUM executive yesterday made the Monktonhall strike official and will seek to spread it to other areas. Mr Arthur Scargill, the NUM president, told miners from the colliery yesterday that a special delegate conference called for October 21 would "unite this union in a fight back against the Coal Board and the Government's policy of closing our pits and losing our jobs."

New base sought by BP Chemicals

By Michael Cassell, Property Correspondent

BP CHEMICALS wants to vacate its London headquarters which it says are now too large after substantial staff reductions.

The company, one of Britain's largest chemical groups, moved into Belgrave House, Victoria, five years ago. Since then, the number of employees has been cut from about 750 to 400.

The freehold of the 160,000 sq ft office building is owned by MEPC, the developers, and BP has been paying about £1.8m a year in rent. The lease has another 30 years to run and is under review.

Office space is plentiful in Victoria and the West End, so BP Chemicals will not leave the building until it has found a tenant to take over the lease.

Savills, the London agents, are handling the rent review negotiations and the lease assignment. Mr Paul Gatrill, BP Chemicals' estates manager, said: "Whether the company leaves London or not is a decision that will be made in due course."

Cunard awards new refit contracts to foreign shipyards

BY FRANK GRAY

CUNARD LINES has awarded two contracts to foreign concerns for refitting the recently acquired Norwegian cruise liners Vistafjord and Sagafjord.

Cunard, a unit of Trafalgar House, the construction, property and transport group, bought the vessels from Norway's Leif Hoegh group for £46.5m last May.

Facing severe criticism from British shipbuilding unions, the company said the ships were being outfitted, beginning in October, at their ports of delivery – Valletta, Malta, and San Francisco.

The company indicated that it would not make economic sense to send the vessels back to the UK for outfitting, despite controversy over foreign repair and outfitting contracts awarded by Cunard this year.

The Vistafjord contract to Malta Drydocks is understood to be worth £3m and was awarded because of the yard's highly competitive offer and its promise to deliver the ship in time for winter cruises, beginning in Genoa in December.

The value of the San Francisco contract for the Sagafjord was not disclosed. The Sagafjord is scheduled to be ready for a round-the-world cruise through the Panama Canal in December.

The contract award prompted a sharp response from Mr Jim Murray, a leader of the boilermakers section of the General Municipal, Boilermakers and Allied Trades Union, who said the deal was "the ultimate insult to the British shipyard worker".

He said he would ask the chairman of British Shipbuilders if any attempt was made by Cunard to obtain a quote for work on the Vistafjord.

The shipping unions' concern stems from Cunard's award this month of a £4.5m contract to the Bremerhaven yard of Hapag-Lloyd to modify the QE2, the shipping line's flagship. Last spring, it gave Malta Shipyards £2m worth of work to refit the Cunard Countess cruise ship.

In the QE2 deal, British Shipbuilders confirmed that it had withdrawn its tender in the face of stiff competition from the German yard.

Cunard said it gave the Cunard Countess contract to Malta rather than to British Shipbuilders because the Valletta company was able to meet the completion deadline.

Economy 'better than officially reported'

By Robin Pauley

THE BRITISH economy's performance during the past year has been much better than official statistics have usually indicated, according to an analysis published today.

Stockbrokers Hoare Govett say there have been substantial upward revisions to many Central Statistical Office items so that real growth can now be seen to have been faster, the balance of payments surpluses much better and corporate profits "staggeringly higher".

There is, nevertheless, an implication that the economy is operating with much less slack than the authorities had previously assumed. "The danger must be, therefore, that the maintenance of highly expansive credit policies will shortly lead to excess demand," the brokers say in their September Economic Outlook.

Early next year credit conditions are likely to be reined in, they say. The result will be less emphasis on consumer spending and house building, and more vigour in the export part of demand.

Inflationary pressures would be undermined, although inflation would be 7 per cent for much of the second half of 1984.

Kinnock calls for imposition of annual wealth tax

BY IVOR OWEN

AN ANNUAL wealth tax must feature in a re-cast taxation system weighted more heavily against the upper income groups, Mr Neil Kinnock said yesterday. Mr Kinnock is now virtually certain to become leader of the Labour Party on Sunday.

Mr Roy Hattersley, favourite in the contest for the deputy leadership, covered similar ground in signposting the road Labour will need to follow to return to power, but argued that the removal of the threat posed by the Social Democrats should be the first priority.

Mr Kinnock, speaking in support of the campaign for positive measures to help the low paid, accused the Government of having brought about the return of mass poverty in Britain.

He supported the case for drastically overhauling the present system of income tax allowances which militated against the operation of a fair and progressive tax system.

Mr Kinnock complained "the low-paid pay tax at too high a rate on too low a level of income and the tax structure is essentially flat-rate. Only 3 per cent of taxpayers pay anything higher than the basic rate of income tax."

Meanwhile, he said, an elaborate array of tax reliefs and allowances had developed providing greatest benefits to those best off.

The effect had been to create "an alternative welfare state" at enormous cost to the Exchequer, with the result that tax rates for the population as a whole were higher than would otherwise be necessary.

Mr Kinnock criticised the policies adopted by the Conservative Government to "increase the inequalities" in Britain, and dismissed, the predictions made by Conservative politicians that Labour's approach to welfare and other policies must inevitably lead to high taxes.

Underlining the increase in the tax burden since the Conservatives returned to office in 1979, he scoffed, "if socialism meant high taxes, Mrs Thatcher's Government would be the most socialist in British history."

Mr Kinnock repeated Labour's commitment to introducing a minimum wage, but emphasised that it would have to be phased in a way that would give companies, many of whom relied on a subsidy from their workforce in the form of low pay, to adapt and to improve their efficiency and productivity.

Mr Hattersley, also in Birmingham to address his Sparkbrook constituency Labour Party, concentrated his fire on Dr David Owen.

Civil Service pay plan 'to proceed'

BY GARETH GRIFFITHS

THE GOVERNMENT will continue to press ahead with its plans to relate civil servants' pay to performance, although ministers believe the process will be a long one and not related to the current pay round.

A White Paper on Financial Management in Government Departments, published yesterday, argued that while performance-related pay would require a substantial overhaul of the civil service pay scheme, "early action will be pursued in sharpening the management response to inefficiency and poor performance by individual members of staff."

The Civil Service intends to spend about £35m over the next two years in improving efficiency within the government machine. The money will go on manpower, computers, terminals and software and the aim will be to give a clearer picture of the objectives, mechanisms and results of public expenditure.

That is all in response to a previous White Paper published a year ago, which outlined ways in which cost-consciousness could be fostered at all levels within the Civil Service.

It notes that departments such as Agriculture, Customs and Excise and Transport have not yet fully developed performance indicators to measure their work. There is also a variety of approach in the methods of financial management in the 31 departments covered by the financial management initiative

More action threatened over BT privatisation

BY DAVID GOODHART, LABOUR STAFF

THE POST OFFICE Engineering Union (POEU) is expected to resume selective industrial action next week against the forthcoming privatisation of British Telecom (BT). The action is expected to be more damaging than before and is expected to spread outside central London for the first time.

The previous action against privatisation, which involved strikes by maintenance engineers in Whitehall Government departments, was called off just before the general election in June.

Since then, the union has been taking action against Mercury, a private network. POEU members first refused to connect Mercury to the BT system (although senior management later carried out the connection) and more recently have been blacking maintenance work at the London headquarters of Mercury's backers – Cable and Wireless, Barclays Merchant Bank and British Petroleum.

Union officials want action to be biting by the time the parliamentary committee stage of the Telecommunications Bill starts next month. A sub-committee of the POEU executive will meet tomorrow to consider the evidence they have received from branches on suitable targets for action. Action is likely to concentrate on government departments and financial institutions involved in BT's privatisation.

The Civil and Public Services Association (CPSA), which represents about 40,000 clerical staff in BT, is next week expected to decide on its own programme of selective action against privatisation.

The CPSA and the POEU have been involved in joint discussions on strategy and the actions of the two unions could be linked.

BHS to sell electronics and men's suits

By Arthur Sandles

BRITISH Home Stores, one of Britain's biggest general store chains, is diversifying into selling radio and video goods and men's suits. The move sharpens its confrontation with Marks and Spencer in clothing and with department and specialist stores in consumer electronics.

Electronics departments will be introduced into 21 stores next month. They will sell goods ranging from radios and television sets to telephones, home computers and watches.

Suits will be sold in 23 stores. They will consist of a basic range with prices from £49.99 and a more expensive range of suits from £89.99.

Mr Roy Burgess, managing director of BHS, said, "Taking a major step into the massive and growing field of consumer electronics is an exciting development for our company. Our entry follows lengthy and careful research and we are determined to establish British Home Stores as an important outlet in this market."

Prison staff 'errors' led to Maze escape

By Brendan Keenan in Belfast

IT IS now accepted that errors of judgment by some prison officers led to Sunday's mass escape from the Maze prison in Northern Ireland. Disciplinary action is likely to follow the inquiry by Sir James Hennessy, Chief Inspector of Prisons, which began yesterday.

Of the 38 men who escaped, 21 were still at large last night, including several senior members of the IRA.

There is evidence that standard procedures were not followed during what is regarded as a carefully planned escape. There was a failure to search the food lorry that carried the prisoners as it went through three gates on its way out of the Maze.

It is also believed that lapses in procedure made it possible for the prisoners to take over a cell block without staff elsewhere being aware of it.

Sir James's inquiry will also have to establish how five guns and two replicas were smuggled into the Maze despite the rigorous searching that should take place.

UK NEWS

COMPANY COULD SPEND £40M ON STATION

ICI seeks state aid to convert plant to coal

BY MAURICE SAMUELSON

IMPERIAL Chemical Industries has told the Government it is interested in spending £40m on converting a large power station in north-east England from oil to coal but that the project will be scrapped if the Government does not meet a quarter of tha cost.

The plant which was originally built for coal, but running on oil and gas is the 180 Mw private power station at ICI's petrochemicals and plastics division at Wilton, Teesside. ICI favours putting the plant back on coal, which it regards as cheaper and less vulnerable than rival fuels.

It would burn up to 450,000 tonnes of coal a year, more than 5 per cent of the national total used by Britisb manufacturers, local authorities and bospitals.

However, ICI's plans depend on the Government agreeing to meet up to 25 per cent of the cost of the new Wilton boilers.

This might bave been possible under the Department of Industry's boiler grants scheme, which was launched 2½ years ago. However, the Government has earmarked most of the £50m available under that scheme, and ICI fears that the Treasury is opposed to the renewal of the scbeme wheo it officially runs out at the end of the year.

One of the largest Government grants, believed to be worth about £2m, has been offered to Unilever which will soon decide whether to invest £10m on its private heat and power station at Port Sunlight on Merseyside.

The 30 Mw plant has been oil-fired since 1958, baving been on coal for the previous 40 years. The company is planning to install a new boiler wbich could burn up to 90,000 tonnes of coal a year.

The boiler conversion grants were introduced in line with a strategic decision by the European Economic Community to encourage large energy users to switch from oil to coal.

Over the past two years, ICI bas begun to convert several factories to coal at a cost of about £40m. In each case, it bas sought the maximum Government grant with Wilton and other projects awaiting authorisation, the company says it could spend up to £100m on conversion to coal.

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Employers say job prospects improving

By James McDonald

AN ENCOURAGING view about job prospects in Britain for the next three months is given in a survey of employers by Manpower, the temporary services company.

The survey, of 1,182 employers with over 3m staff, shows that nearly twice as many companies plan to take on extra staff in the next three months as those who anticipate job losses.

The proportion of employers planning staff cuts in the final quarter of this year is slightly higher than in the past three months. But the survey points out that a seasonal rise in staff reductions is normal in the fourth quarter.

"More significant is that forecasts of staff increases remain uncharacteristically strong for this time of year," the survey comments.

The Confederation of British Industry, commenting on the Manpower survey, said yesterday that it had forecast a 1 per cent decline in the rate of unemployment for the last quarter of this year, compared with the same period of 1982. "There are signs that small firms are taking on more people than they are shedding, although it is too soon to say if this is going to be a trend."

FORMER CEGB MEMBER CALLED IN FOR INQUIRY

Nuclear plant plans criticised

BY A SPECIAL CORRESPONDENT

THERE ARE several deficiencies in the plans for the Sizewell B nuclear power station, Sir Alistair Frame, deputy chairman of the Rio Tinto-Zinc Corporation (RTZ), claimed yesterday.

Proposals for management structure and the division of responsibilities were unclear, he told the public inquiry.

Sir Alistair also recommended the appointment of a construction overlord, experienced on pressurised water reactor (PWR) sites.

Sir Alistair is a former part time member of the Central Electricity Generating Board (CEGB) and former director of the UK Atomic Energy Authority fast reactor group. He appeared at the inquiry at the request of the inspector, Sir Frank Layfield, QC, who wanted an independent assessment of the proposals for site management.

Sir Alistair is also a director of Britoil, Plessey, Vickers and the Toronto Dominion Bank, and with RTZ he has been responsible for large construction projects.

He said the relationship between the board and the National Nuclear Corporation (NNC) in the Sizewell B project was unclear

Sir Alistair said the joint CEGB and NNC project team were working separately in different parts of the country. They should be brought together under one roof

Sir Alistair disputed the CEGB's view that the U.S. experience with PWRs was more appropriate than the French. As far as he was aware, no PWR had been ordered in the U.S. for five years.

He also called for further explanation of lhe continuing delays in the construction of the Wolf Creek and Calloway PWRs in the U.S. – the design models for Sizewell B.

Sir Alistair said that with some reservations he believed a realistic programme for the construction of Sizewell B could be established.

He warned, however, that safety clearance could be a delaying factor because new standards, arising from incidents involving PWRs worldwide, could affect the Sizewell B programme. Early warnings of possible changes were important.

Improved city roads get the emphasis

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

IMPROVEMENTS to road systems in towns and cities is likely to receive increasing emphasis in Britain's long-term policy envisaged in the annual White Paper*, a government policy document, on roads, published yesterday.

The White Paper says that now is the time to consider the need of the first few decades of the next century.

It says: "The emphasis is likely to shift from inter-urban trunk roads to the principal local authority roads which complete the network; and from inter-urban roads to those in our towns and cities, especially London."

The White Paper also demonstrates the increasing importance of structural maintenance in the roads programme. This applies particularly to motorways, where the backlog in repairs, which built up in the 1970s, is now being tackled. Spending on major motorway repairs rose from £31m in 1979-80 to £83m in 1982-83.

Most of the remaining schemes in the inter-urban motorway and trunk road programme will be completed by the end of the 1980s, including the M25 orbital road around London, of which 62 out of 121 miles are now open.

More than 40 schemes added to the active road programme earlier this year are listed in the White Paper. The most important is the Maidstone-Ashford section of the M20.

Urban congestion has not been as serious as was predicted in the 1960s, says the White Paper, except, perhaps, in central London.

The White Paper rejects a comprehensive replacement of the road systems in places such as inner London on the grounds that it would take many years to accomplish and intrusion and disruption would be intolerable.

**Policy for Roads in England: 1983; Command 9059; HMSO £4.65.*

Losses on British internal air routes expected to be cut

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LOSSES ON UK internal air services are diminishing, but they still represent a serious drain on the financial resources of the airlines involved.

Statistics prepared by the Civil Aviation Authority show that in 1981-82 there were losses of £32m, after paying interest, which compared with an original estimate of £50m losses.

Estimates for 1982-83 indicate that, when final figures are available, there may even be a small profit on domestic services before paying interest, which will become a loss of about £7m, after interest.

The improvement is attributable largely to major cost-cutting by the airlines and by British Airways in particular, and also to strenuous efforts to increase yields, even though traffic growth bas been small.

The figures will be presented by the Civil Aviation Authority tomorrow at a major conference in London of all the UK domestic airlines, which will also be attended by representatives of airline users, travel agents, chambers of commerce, tourist organisations and consumer councils.

The aim will be to review the progress made over the past year by the authority and the airlines in getting back to profitability while at the same time encouraging a greater measure of competition on UK internal air routes.

The authority is moving towards a once-yearly filing of proposed fares changes on domestic routes, rather than several filings each year, which it believes will give a greater measure of stability to the airlines in their economic planning.

● British Caledonian, the independent airline, has been voted "airline of the year" by Britain's business travellers, ousting British Airways from that position.

A poll among frequent users of UK and foreign airlines, conducted by the magazine Executive Travel, showed that businessmen preferred British Caledonian, with British Airways in second place and Swissair third.

Plessey 'close to System X order'

BY JASON CRISP

PLESSEY believes it is close to winning the first major export order for System X, the British-developed family of advanced digital telephone exchanges.

The United Arab Emirates is close to making a final decision on tenders for three telephone exchanges with a total of 20,000 lines. The contract itself would be relatively small – but it could lead to significant further orders.

L. M. Ericsson, the Swedish company, which bas had considerable success in international telecommunications markets, has been the main supplier of exchanges to the UAE to date. Plessey, GEC and until recently Standard Telephones and Cables have been trying to sell System X overseas without success. (The only order to date was from Cable and Wireless to supply the Caribbean island of St Vincent).

System X was jointly developed by British Telecom and the three main UK telecommunications manufacturers at a cost of well over £300m. (STC is no longer involved in the development or manufacture of System X.)

The competition to supply the new generation of digital telephone exchanges is fierce because of the astronomic costs of development. Plessey is believed to be facing competition in the UAE from many of the leading suppliers.

The leading companies are Cit-Alcatel of France, L. M. Ericsson, ITT of the U.S., Siemens of West Germany, NEC of Japan and Northern Telecom of Canada.

Plessey has also bid for a further order to supply small rural exchanges in India. The company has claimed for some time that it is close to winning an order for similar exchanges from the Indian Government worth £20m. A second order, financed by the World Bank, is now being adjudicated and Plessey also believes it is strongly placed.

The small rural exchanges (UXDs) are digital but are not part of the System X family. At one time Britain had high hopes of winning a major order for System X in India but it was beaten by Cit-Alcatel.

هكذا من الأصل

UK NEWS

Jason Crisp examines a company that profits from banking and space

How Logica grew into the market

BANKING, space and defence have contributed significantly to the growth of Logica, the computer software company which is soon to seek a London Stock Exchange listing.

Logica's growth has been steady since it was founded in 1969. The company has just announced a taxable profit of £3.35m for the year ending June 1983, up 55 per cent on the previous year. Sales rose by 27 per cent to £42.1m.

It will seek a full stock exchange listing at the end of next mooth. The prospectus will be publisbed on October 24 and dealings will begin on November 3. The offering will probably be a little under 30 per cent.

Mr Len Taylor, Logica's managing director, says that between a third and a half of the issue would be new money for the company. The remainder represeots sales by existing shareholders.

Just over half of the company is owned by 220 of Logica's staff of 1,475. The remainder is held by nine financial institutions from the UK and Europe. About one-third of the staff shares are held by the three co-founders, Mr Philip Hughes, Mr Pat Coeo and Mr Taylor.

There are several reasons for the flotation. The longer-standlog institutional shareholders are seeking to realise their investments and some of the staff have wanted the opportunity to sell shares. The company will use the finance raised to pay off its £3m overdraft and to finance oew working capital.

Logica is the UK's largest independent software and systems company. Scicon, BP's software subsidiary, with sales of more than £100m a year and staff of 3,500, is the largest. Logica was founded by a small group which left Scicon io 1969.

Thorn EMI's software subsidiaries, Datasolve and Software Sciences, which it bought from BOC, are a similar size to Logica.

Other independent UK software companies include CMG and CAP. Group. CAP, which last week announced sales up by 43 per cent to £20m with pre-tax profits of £965,000, says it will consider going public within two years.

Mr Alan Benjamin, CAP's director of communication, said: "We're very excited about Logica going public. It will lay down the ground rules for four or five good UK software companies to raise money by going public. The industry has always beeo held back by a shortage of funds."

Logica will be the first software company of its type to seek a quotation in the UK.

Logica has always managed to be amoog the best known of the UK's computer systems companies. This is partly because it has been involved with more exciting projects involving communications, space and defence and has avoided more humdrum commercial data-processing.

One of Logica's fastest growing parts is its wordprocessor production subsidiary, VTS. This offshoot grew out of a project Logica performed for the oow-defunct government-backed office automatioo company, Nexos. The wordprocessor is now sold by both ICL, Britain's leading computer company, dealers, and Logica itself.

Logica VTS accounted for 25 per cent of Logica's sales last year. The wordprocessors are made at Swindon, Wiltshire, and accounted for 81 per cent of Logica VTS's turnover.

Its other major product is Polynet, a local area network linking wordprocessors and office communications equipment. About 60 per ceot of the wordprocessors were sold by ICL, under its own oame.

Logica's sales to Government organisations account for about 27 per cent of turnover. Central and local government represent about 10 per cent, the remainder being nationalised industries, transport authorities, posts and telecommunications bodies and utilities.

The software side of Logica's activities is divided into two broad sections, consultancy representing about 20 per cent of total turnover and systems analysis, design and implementation about 46 per cent.

Logica has a strong presence in the banking sector which provides the largest single source of turnover for its software. Logica designed and wrote the software for the Clearing House Automated Payment System (Chaps), which eoables the banks' internal computer systems to communicate with one another at high speed.

Space and defeoce is the next most important activity. This iocludes sub-contract work oo torpedo systems such as Stingray, and image processing, speech recognition and computer simulation of a battlefield.

Space activities include participating in Project Universe, an experiment to provide high-speed links between computers via satellite.

The company believes it will benefit from the growth in electronic banking, where it is already a significant force. It also believes it is well placed to take advantage of the growth in telecommunications and broadcasting.

Logica has more overseas activities than most UK software companies, except Scicon. Excluding Logica VTS, about 55 per cent of sales are in the UK, 21 per cent in Europe, and 17 per cent in the U.S.

BOND DRAWINGS

CITY OF COPENHAGEN US$15,000,000
6% 20 YEAR EXTERNAL LOAN OF 1965

HAMBROS BANK LIMITED hereby gives notice that in accordance with the terms and conditions of the above loan, the redemption for 16th November 1983 has been effected by the purchase of US$[illegible] (nominal) and the under-mentioned bonds amounting to US$[illegible] (nominal) were drawn on the 15th September 1983 for redemption at par. The outstanding balance after the 16th November 1983 redemption is US$2,000,000 (nominal).

The drawn bonds may be presented to Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA or to the other Paying Agents named on the bonds.

Bonds surrendered should have attached all unmatured coupons appurtenant thereto. Coupons due 16th November 1983 should be detached and collected in the usual manner.

For payment in London bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US$1,000

[illegible]

The following bonds from previous drawings are still outstanding for payment:—

BONDS DRAWN 16th NOVEMBER 1981

[illegible]

BONDS DRAWN 16th NOVEMBER 1982

[illegible]

HAMBROS BANK LIMITED
28th September 1983

ROLDAL-SULDAL US$15,000,000
5¾ 20 YEAR SECURED DEBENTURE LOAN OF 1964

HAMBROS BANK LIMITED hereby gives notice that in accordance with the terms and conditions of the above loan, the redemption for 10th November 1983 has been effected by the purchase of US$226,000 (nominal) and the under-mentioned bonds amounting to US$774,000 (nominal) were drawn on the 15th September 1983 for redemption at par. The outstanding balance after the 10th November 1983 redemption is US$1,000,000 (nominal).

The drawn bonds may be presented to Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA or to the other Paying Agents named on the bonds.

Bonds surrendered should have attached all unmatured coupons appurtenant thereto. Coupons due 10th November 1983 should be detached and collected in the usual manner.

For payment in London bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US$1,000

[illegible]

HAMBROS BANK LIMITED
28th September 1983

ROLDAL-SULDAL US$15,000,000
6¼% 20 YEAR SECURED DEBENTURE LOAN OF 1965

HAMBROS BANK LIMITED hereby gives notice that in accordance with the terms and conditions of the above loan, the redemption for 26th October 1983 has been effected by the purchase of US$367,000 (nominal) and the under-mentioned bonds amounting to US$633,000 (nominal) were drawn on the 15th September 1983 for redemption at par. The outstanding balance after the 26th October 1983 redemption is US$2,000,000 (nominal).

The drawn bonds may be presented to Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA or to the other Paying Agents named on the bonds.

Bonds surrendered should have attached all unmatured coupons appurtenant thereto. Coupons due 26th October 1983 should be detached and collected in the usual manner.

For payment in London bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US$1,000

[illegible]

HAMBROS BANK LIMITED
28th September 1983

ENERGY REVIEW

Why the NCB is wooing industry

By Maurice Samuelson

THE LOOMING confrontation between Mr Ian MacGregor and Mr Arthur Scargill over the National Coal Board's pit closure policies has overshadowed an area on which the NCB's chairman and mineworkers' president are in close agreement and in which, working together, they could form a powerful and effective combination.

This concerns the revival of the industrial market for coal, which collapsed dramatically in the cheap oil decades of the 1950s and 1960s.

In their first wide ranging official talks on September 13, Mr MacGregor and Mr Scargill discussed the industrial coal market in considerable depth, although the extent of their agreement on this remains eclipsed by the publicity over their differences.

Of more than 110m tonnes a year produced by the British coal industry, much less than a tenth is used by industry. The vast bulk—more than 80m tonnes—is burned in electricity power stations and steel and aluminium works.

Reduced deliveries of coal to power stations

Nevertheless, the Coal Board persists in regarding industry as offering its most reliable area for expanding sales. This market includes not merely manufacturing but also service industries and agricultural processes such as crop drying. Large non-industrial users, such as hospitals, universities and other major institutions, are also regarded as a growth area.

The Coal Board's interest in these new markets is underscored by the fact that its sales to the electricity industry have passed their peak. This is reflected in the recent agreement between the NCB and the Central Electricity Generating Board based on deliveries of a minimum 70m tonnes a year. This supersedes an agreement—which still had another 18 months to run—which specified a minimum 75m tonnes.

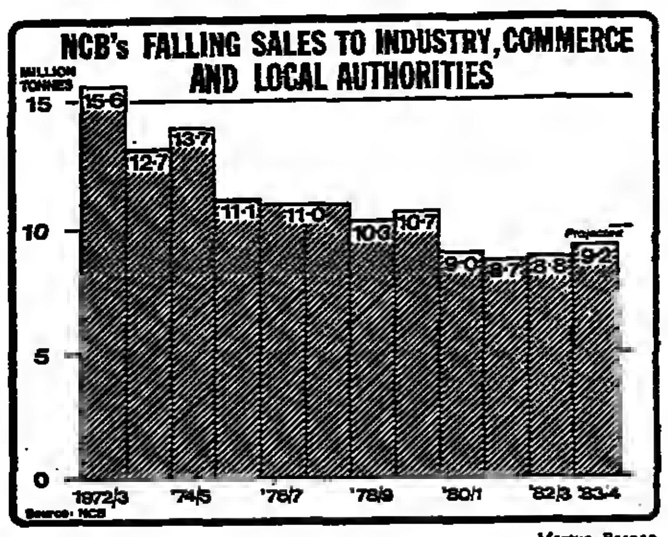
The reduced deliveries of coal to power stations result not merely from the recession, which has hit national electricity consumption, but also from the increasing amounts of power supplied by the CEGB's advanced gas-cooled nuclear reactors. Last year, nuclear power provided 17m tonnea of coal equivalent (tce), a jump of 3m tce over the previous year.

The rising contribution from nuclear energy turns the Coal Board into what Mr Malcolm Edwards, its director-general for marketing, has called a "residuary legatee" of the other power station fuels, and further increases its need to expand its industrial market.

The board has several major factors in its favour in trying to sell more to industry. Despite the current flatness of world oil prices, coal is about 30 per cent cheaper than fuel oil in terms of heat output. The memory of the 1974 and 1979 oil crises also still haunts large fuel purchasers.

Moreover, the surplus in petroleum supplies is not fully matched in the availability of heavy fuel oil. This is because the oil companies, thanks to improved refining methods, are continually sqneezing the heavy end of the barrel in order to extract more profitable prodncts from it.

Industry'a return to coal has powerful political backing from the European Economic Community and its member governments. In Britain, this support is expressed in the £50m package of grants available from the Department of Industry to encourage fnel users to use coal.



Martyn Barnes

In March, 1981, the Government allotted the money, over a a two-year period, to provide grants of up to 25 per cent of the cost of re-equipping companies to burn coal instead of oil. These grants have been supplemented by loans from the EEC covering a further 50 per cent of conversion costs.

However, the history of the grant scheme, now extended until the end of this year, illustrates not only the potential of rebuilding coal's industrial base bnt also the length of time such a process would take and the difficulties involved.

A major feature of the UK industrial coal market is that although it comprises about 9,000 customers, a mere 1 per cent of them buy 90 per cent of the coal.

This has proved a two-edged sword for the coal industry. It explains why, in the first two years after the boiler conversion scheme was launched, coal sales to industry not only failed to increase but continned to fall as major users fell victim to the recession. From an already depressed level of 10.5m tonnes in 1979-80, sales in the next two financial years were down to less than 9m tonnes.

More hopefully, it explains why the Coal Board is confident that in 1983-84 industrial sales will start to rise again, to 9.3m tonnes. According to Mr Edwards, this will be because for the first time new business from companies which have switched from other fuels is outweighing losses from closures and cutbacks.

The "save it" energy conservation movement, although prompted by the oil crises, also made inroads into coal sales. British cement makers, by switching from their traditional "wet" process to a dry or semi-dry process, have cut their coal burn by between 15 per cent and 30 per cent. They now use 2m tonnes of coal a year, 600,000 tonnes less than they did at the end of the 1970s.

But the concentration of so much of its sales in the hands of the industrial majors has also proved an asset to the Coal Board's conversion campaign. When Imperial Chemical Industries announced, 18 months ago, that it was reverting to coal for a substantial part of its energy requirements, it unleashed a deluge of inquiries from other companies.

Other major concerns which have decided to use coal at some of their UK plants, or who are seriously considering doing so, are Unilever, Monsanto, the Ford Motor Company, Dunlop and the Milk Marketing Board.

But the very size of these groups and their difficulty of sanctioning large capital investments during a recession has meant that the switch to coal is proving a far slower process than many people had envisaged.

At ICI, for example, the decision to introduce coal at Winnington, one of its three soda ash factories in Cheshire, took eight months from the preparation of the necessary documents to the main Board's approval of the project.

The hesitancy of the return to coal is even more striking at Courtaulds, the textile concern, which has a fuel bill of £80m a year. Of more than half a dozen coal conversion projects disclosed by Courtaulds more than a year ago, only one — at a plant near Hyde, Manchester —has gone ahead. Elsewhere, the company says it still wants to introduce coal, but that it is actively looking for cheaper ways of burning it than those currently available.

One outcome of thia long decision-making process is that it is only now—six months after the grants scheme was supposed to have ended—that the Industry Department is within reach of paying out all the £50m at its disposal for helping companies convert to coal.

This is a point which Mr MacGregor and his colleagues are likely to emphasise in persuading the government to put the scheme on a more durable basis when it finally expires at the end of the year.

This call will be applauded not merely by potential applicants for the scheme but by the companies who make the boilers and other specialised coal handling equipment.

In anticipation of coal's revival as an industrial fuel, these companies have been pioneering far-reaching technical changes in the way coal is burned and in ways of delivering it to the boilers or furnaces. They are now producing boilers using fluidised bed combustion (in which the coal or other fuel is burned on a turbulent red hot bed of sand or ash). Some 50 fluid bed units are now running in the UK.

New business is now outweighing losses from the recession

Coal burning has also been made more convenient by new ways of handling it with hermetically sealed pneumatic equipment to lower manning costs and reduce pollution.

However, the companies providing this equipment have been badly disappointed by the slow pace of UK industry's return to coal. Most now talk about the "two lost years" because of the uncertainty over the duration of the government grant scheme and the suspense while the Government decided whether to broaden its application.

It was not until the latter part of last year, when the grant scheme was more than half way through its designated life, that it finally began to take off. This led to a rush of inquiries now being hectically processed by a team at the Industry Department, headed by Dr Vernon Brooks. At the end of last month, Dr Brooks' office had 302 live projects on its books, which were likely to take np most if not all the £50m available. Some of the recent applicants, therefore, were worried that unless they put in their bid now there might be no money left for them.

All this is little consolation for the suppliers of combustion equipment. Most of them are in a sorrier state than they were three years ago.

For all of them one of the few rays of hope is that the National Coal Board's new chairman, in unlikely accord with the miners' militant president, will finally end industry's uncertainty over the financial help it can receive in using the fuel on which Britain's prosperity was originally founded.

Similar leverage is being exerted by major industrial companies who have told the government that further large projects awaiting authorisation will be suspended if the grants are not renewed.

COMPANY NOTICES

MINERALS AND RESOURCES CORPORATION LIMITED
(Incorporated in Bermuda)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 96

With reference to the notice of declaration of final dividend advertised in the press on September 21, 1983 the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 16 cents was declared in United States currency. The dividend on bearer shares will be paid on or after November 8, 1983 against surrender of coupon No. 96 detached from share warrants to bearer as under:

(a) at the office of the Corporation's Continental paying agent: Credit du Nord, 6 & 8 Boulevard Haussmann, 75009 Paris

(b) at the London Bearer Reception Office of Charter Consolidated P.L.C., 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in United States dollars (in which case they must comply with any applicable Exchange Control regulations), payment will be made in United Kingdom currency either:
(i) in respect of coupons lodged on or prior to November 1, 1983 at the United Kingdom currency equivalent of the United States currency value of their dividend on October 28, 1983 or:
(ii) in respect of coupons lodged on or after November 2, 1983, at the then prevailing rate of exchange on the day the proceeds are remitted to the London Bearer Reception Office.

Coupons must be left for at least four clear days for examination (eight days if payment in United States currency has been requested) and may be presented any weekday (Saturday excepted) between the hours of 10.00 a.m. and 3.00 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made, the net amount of the dividend, after deducting U.K. income tax at 30% will be 11.20 cents (United States) per share.

In the case of payments made in United Kingdom currency the sterling calculated in accordance with sub paragraph (b) above.

For and on behalf of
CHARTER CONSOLIDATED P.L.C.
U.K. Transfer Agents
J. C. Greensmith
Companies Secretary

London Office:
40 Holborn Viaduct
London EC1P 1AJ
September 27, 1983

HOLIDAY AND TRAVEL — Advertising every Wednesday and Saturday. £22.000 per scc. 3 cm x 1 col min. Phone Diane Brundish or Sue Mathieson. 01-248 4886 or 01-248 8000.

CANADA-UNITED KINGDOM FREIGHT CONFERENCE
NOTICE TO IMPORTERS

TRAFFIC FROM CANADIAN MARITIME, ST. LAWRENCE RIVER AND GREAT LAKES PORTS

The Member Lines of the above Conference operating services from Canadian Maritime, St. Lawrence River and Great Lakes Ports to the United Kingdom, Northern Ireland and the Republic of Ireland wish to advise importers that, with effect from 1st January 1984, a general increase in tariff rates of 12½ per cent. subject to a minimum of C$180 per 20' container and C$300 per 40' container, will be applied.

This decision has been taken only after a careful study of the Lines' revenues vis-a-vis operating costs has proved that the deterioration in freight levels which has occurred over the past 18 months had endangered the Lines' ability to continue to provide their existing services.

While this level of increase will not restore the Lines' position to that applicable in January 1983, restraint has been shown in the level of increase applied in recognition of the current market conditions.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline (Canada) N.V.
Hapag-Lloyd AG.
Manchester Liners Ltd. } Joint
Golden Cross Line Ltd. } Membership

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Cunard Building,
Liverpool L3 1DS.
September 1983.

PLAN A OF BRAZILIAN DECREE LAW NO. 6019
STATE OF RIO DE JANEIRO
5½% (CONVERSION) LOAN 1927

Midland Bank plc announce that the redemption instalment for the Sinking Fund of 1st October 1983 has been met by a purchase of bonds to the nominal value of £1,100 and a drawing of bonds to the nominal value of £3,140.

The distinctive number of the bonds drawn in the presence of a Notary Public are as follows:

Serial Numbers £200
5193, 5299, 5417

Serial Numbers £100

3120,	3348,	3375,	3607,	3876,	3700,
3717,	3753,	3872,	3880,	3940,	4117,
4138,	4165,	4197.			

Serial Numbers £20

37,	252,	255,	478,	489,	493,
513,	522,	549,	573,	604,	625,
654,	686,	707,	725,	765,	783,
814,	834,	859,	866,	922,	951,
1008,	1034,	1059,	1096,	1144,	1264,
1273,	1299,	1338,	1368,	1426,	1450,
1483,	1492,	1517,	1788,	1867,	1937,
2023,	2129,	2181,	2182,	2288,	2350,
2518,	2669,	2691,	2759		

The above numbered bonds payable on or after 3rd October 1983 should be presented at the Stock Exchange Services Department of the Midland Bank listed be the appropriate form and must bear all coupons subsequent to 1st October 1983 otherwise the amount of the missing coupons will be deducted from the principal moneys.

The usual interval of four clear days will be required for examination.

Midland Bank plc,
Stock Exchange Services Department,
Mariner House,
Pepys Street,
London EC3N 4DA.

CANADIAN NORTH ATLANTIC WEST BOUND FREIGHT CONFERENCE
NOTICE TO SHIPPERS

TRAFFIC TO CANADIAN MARITIME, ST. LAWRENCE RIVER AND GREAT LAKES PORTS

The Member Lines of the above Conference operating services from United Kingdom, Northern Ireland and the Republic of Ireland to Canadian Maritime, St. Lawrence River and Great Lakes Ports wish to advise shippers that, with effect from 1st January 1984, a general increase in tariff rates will be applied on the following basis:

Ocean Rates:
(Commodity Box Rates and Service 3 Rates) 12½ per cent.
All Other Rates:
(Special Rates, Project Rates, etc.) C$180 per 20' Container. C$300 per 40' Container.

This decision has been taken only after a careful study of the Lines' revenues vis-a-vis operating costs has proved that the deterioration in freight levels which has occurred over the past 18 months had endangered the Lines' ability to continue to provide their existing services.

While this level of increase will not restore the Lines' position to that applicable in January 1983, restraint has been shown in the level of increase applied in recognition of the current market conditions.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
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Hapag-Lloyd AG.
Manchester Liners Ltd. } Joint
Golden Cross Line Ltd. } Membership

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries.
Cunard Building,
Liverpool L3 1DS.
September 1983.

TDK CORPORATION
(CDRs)

The undersigned announces that the Semi-Annual Report per May 31st, 1983 of TDK Corporation will be available in Amsterdam at:

Pierson, Heldring & Pierson N.V.
Algemene Bank Nederland N.V.
Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope N.V.
and Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam.
16th September, 1983.

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ART GALLERIES

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. MATTHEW SMITH — PAINTINGS to Oct. 22.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W8. 01-937 5883. HANS SCHWARZ—Watercolours. Until 14 Oct.

TECHNOLOGY

EDITED BY ALAN CANE

SITE MANAGEMENT

Satellites to link Falklands computers

BY ELAINE WILLIAMS

CONSTRUCTION OF the £250m Mount Pleasant airport on the Falkland Islands is to be controlled by a sophisticated computer system linked by satellite to the UK.

This will keep track of all the materials needed to build the runway and cost the job, transmit progress reports, memos, personnel records, shipping schedules and take care of payrolls and accounts.

The computers, supplied by Datapoint, left Avonmouth for East Falkland on Monday and will take four weeks to reach their destination. The equipment was ordered by the Laing/Mowlem/ARC joint venture.

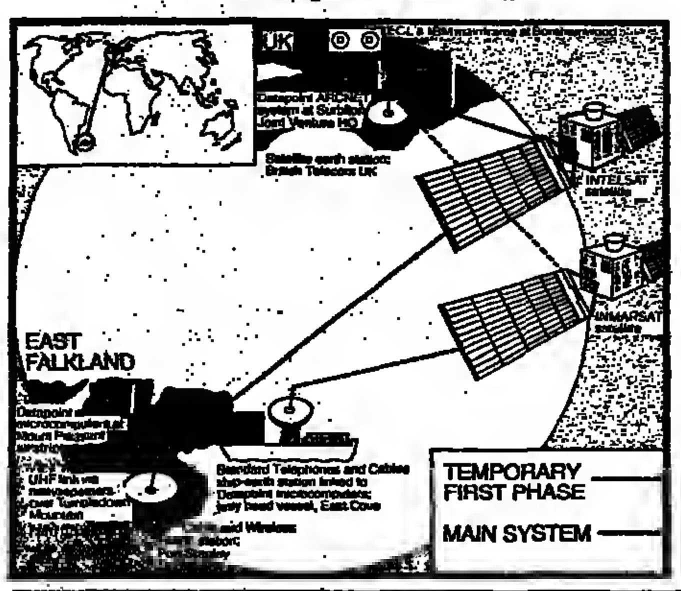
Datapoint's two 1560 microcomputers will be installed aboard a ship at East Cove and linked to the consortium's headquarters at Surbiton in the UK via the Inmarsat satellite. Once construction has begun and the site headquarters has been built, the computers will be moved from the jetty head vessel at East Cove to the airstrip. Also communications will be routed over a UHF link and then via the Intelsat communications satellite to Surbiton.

A telephone link to the Borehamwood offices of Elstree Computing, a subsidiary of John Laing Construction will then handle the computing services for the project.

On the Falklands, the microcomputers, which have 128k of memory and 10mb of fixed storage, will be employed by the site management initially as a message system to prepare letters and reports, later it will maintain personnel records, shipping schedules and prepare requisitions.

As up to 1,400 workmen will be used during the peak building period, the computer will also be used for critical path analysis to provide manpower estimates.

How the computers communicate



REPORT SHOWS PROBLEMS IN ADOPTING ELECTRONICS

Managers lack knowhow

BY NICK GARNETT

SENIOR management lacks sufficient knowledge to make judgments on applying micro-electronics to their companies and does not even have enough confidence to seek external advice on how their businesses could be affected by this technology.

The take up by companies of microelectronic technology in both production methods and products is severely hindered by a dearth of suitably trained technicians and professional engineers.

These are two of the conclusions which emerge in a report, drawn up by Prof Michael Hampshire of Salford University's electronic and electrical engineering department, following a programme of consultation among 61 predominantly manufacturing companies in West Yorkshire.

The report, which covers companies varying in size from 3,500 employees down to one, provides examples of what might go wrong through the lack of in-house expertise to continue projects past the prototype stage.

One company built a prototype microprocessor controlled cutting machine by employing consultants to do the electronics and programming. "They do not possess a listing of the control programme, do not know what language is being used and have not felt it necessary to find out because non-one in the firm would be any wiser if they were told" says the report.

Another company was preparing to market a machine tool controlled by a computer supplied as a complete unit, to be coupled to the hardware of the tool itself.

"This firm has no expertise in computers, electronics, or any related skills and yet they prepare to market a machine of which two-thirds of the added value arises from electronics of which they have no knowledge or experience" says the report. "To add to their problem the computer control module is imported."

Prof Hampshire, also concludes from the programme—funded partly by the Department of Industry and completed last year—that the companies were willing however to obtain external help once it was offered.

The programme, called Calderdale Microprocessor Applications Project and funded by the University of Salford and Calderdale Metropolitan Borough Council as well as the Government underlines the value of professional consultation.

During visits to the company, half of which make machinery manufactured metal parts, or whose work centres on electronics and computers, 16 new products under development were identified as being appropriate for containing microprocessor equipment.

Seven existing products were identified as having a relatively short life unless they were reconceived using microprocessor technology It was also found that microprocessors would raise production efficiency or quality in six companies.

Prof Hampshire's report, includes four main recommendations to the Department of Industry:—

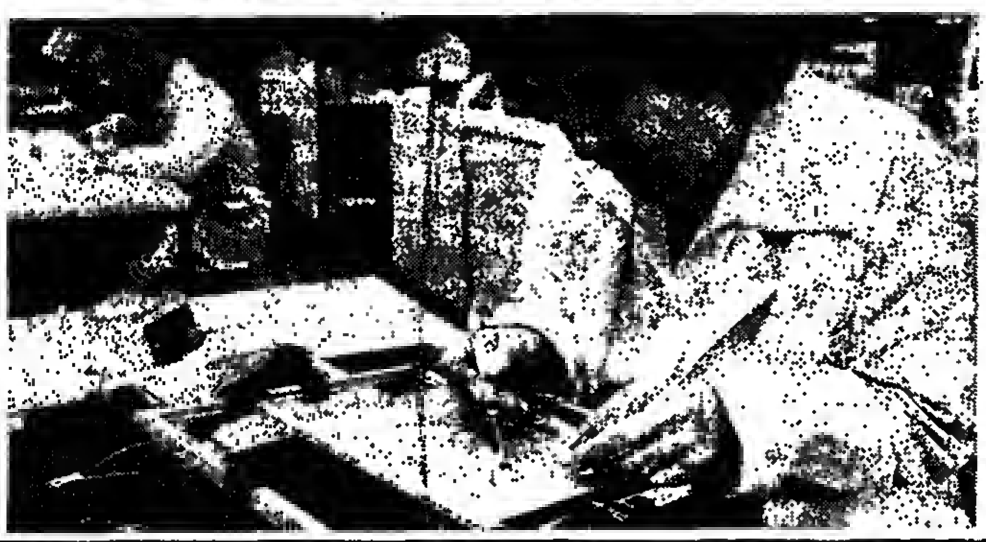
- Similar programmes of visits should be mounted. Their success would depend on the quality of consultants and the width of the technological base of the organisation, which would service the activities they promote.
- Workshop schemes funded by the Engineering Industry Training Board would smooth the transfer of technology. Salford University has operated such workshops to which companies send employees for retraining to further micro technology projects and minimise the use of expensive consultancies.

This would partly sidestep the problem of experienced technical people being too expensive for small firms.

- Funding of pilot schemes, to explore the possibilities of universities supplying graduates for up to two years to a selected number of firms to assist in design and supervision.
- Chances in school courses and the university grants system to encourage more people into technical engineering work.

Since Prof Hampshire's report, a number of similar programmes of visits to factories have been started. One, covering Rochdale and Stockport, set up through the initiative of the Greater Manchester Economic Development Corporation and partly funded by the Trustee Savings Bank, has so far visited a dozen manufacturing companies.

Many companies still do not have the knowledge to support electronics



LOCAL AREA SYSTEM

Philips' network embraces allcomers

BY GEOFFREY CHARLISH

PHILIPS HAS unveiled a packet-switched wide area private networking system that can connect any make of data, text, or imaging device to any other with complete transparency—that is, by simply plugging it into the network.

"Sopho-Net" results from an expenditure of nearly £40m over nearly five years, much of it at Telesoft in Brussels, a 150-strong Philips subsidiary now devoted entirely to the project.

Sopho-Net can make use of any kind of data transmission medium on private lines, public networks such as IBM's SNA (systems network architecture), the public switched telephone network (PSTN), or any of the newly emerging LANs (local area networks).

> Any number of closed user groups can be set up within the network. Group members share all the network resources, but can only be called by those within the group.

End users—human or computers—continue to use their own standard ways of arranging data (protocols) without changes to hardware or software.

So, for example, DEC terminals can talk to IBM mainframes or to Philips word processors. Since virtually any communication is possible, investment in existing collections of equipment from several makers is protected and nothing needs to be replaced.

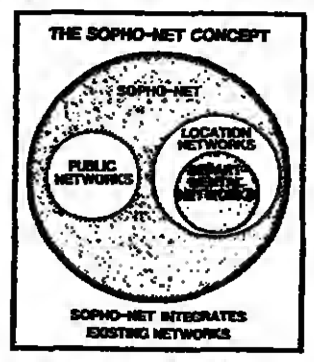
All the necessary protocol conversion to achieve user transparency goes on in the interconnecting points (nodes) of the network itself. There is no central computer or star connection: the system's intelligence is distributed in software in the various nodes.

One remarkable outcome is that users can wander about the network, log on at any terminal and leave it to the Sopho-Net software to find the called party from a single name instruction (typically a surname).

Sopho-Net also deals with addressing automatically. For example, if a link needs to be made via a PSTN, only the end user's name is keyed in. The dialling sequences needed will be generated automatically. In practice, Sopho-Net might have to set up a sequence of links including perhaps leased lines, public data networks, PSTNs or a satellite path, and it will deal with all the procedures and protocols involved.

Any number of closed user groups can be set up within the network. Group members share all the network resources, but can only be called by those within the group.

In packet switching the data is sent in fixed length short streams, called packets, each addressed to the called party. These packets might be sent by various routes, depending on the traffic conditions on the various alternative lines, so making the best general use of the network.



The chart highlights the flexibility of Philips' new LAN concept

In Sopho-Net there is the added advantage that users can specify routes for messages by cost, speed, or sensitivity to geographical location (to avoid for example, a strike or civil commotion at some node or other).

The nodes themselves contain standby communications processors and other printed boards that are automatically brought into circuit if a fault occurs—the process is not noticeable to the user.

The nodes are tailored to each application and can contain up to 256 16-bit microprocessors with a combined storage capacity of 128 megabytes. Such power means that up to 4,000 lines can be connected to a node with a throughput rate of up to 1,500 packets/sec.

Philips Business Systems is in Colchester on 0206 575115 and Telesoft in Brussels (219 1800).

Television cable

Finland's network

SALORA, SCANDINAVIA'S largest colour television maker, is to supply the city of Tampere in Finland with Europe's first extensive two-way cable television system. It will serve 200,000 homes to allow armchair shopping, opinion polling, as well as allowing instant programme ordering.

The company is also among the leaders in the development of equipment for the reception of satellite television transmissions. It has already delivered such equipment to countries such as Switzerland and Portugal.

Sensors

Liquid detector

A SENSOR to detect the level of liquids in process tanks or bulk storage vessels has been introduced by Sarstead Engineering at Betley near Crewe.

The automatic device is entirely pneumatic in operation and is intended for use in hazardous industrial areas where it may be employed to prevent the over-fill or spillage of solvents, oils, chemicals and various flammable liquids. Further details can be obtained on 0270 820466.

HOLIDAY AND TRAVEL

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1981
F. I. (REALISATIONS) LIMITED
Formerly known as
FIELDWORK INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, on Friday, the 30th day of September 1983, at 2.30 o'clock in the afternoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 7th day of September 1983,
By Order of the Board,
R. BERNARD,
Secretary.

PERSONAL

MOTOR CARS

RESIDENTIAL PROPERTY

OVERSEAS PROPERTY

CONTRACTS AND TENDERS

OIL AND NATURAL GAS COMMISSION
DEPARTMENT OF MATERIALS MANAGEMENT

Grami Comstore
Telex: 595/255

Tel Bhavan
Dehra Dun

TENDER NOTICE

Oil and Natural Gas Commission, Tel Bhavan, Dehra Dun invites sealed tenders for the import of items specified below:

Sl. No.	Tender No.	Brief description of store	Estimated Cost in lakhs	Date of receipt of tender up to 1400 hrs	Date of opening of tender up to 1500 hrs	Tender fee in U.S.$	validity Reg.
1.	MAT/IMP/E-II/4(285)/83.	CBL Tools	12.90	15.11.83	15.11.83	25/-	16.2.84

1. The cost of tender documents is mentioned against above tender. The Indian Agents authorised by their Foreign principal/suppliers in India may purchase these tender documents on payment of Cost Rs.250/- against U.S.$25/- through crossed Indian Postal Order/Bank Draft in the name of Oil & Natural Gas Commission in Indian Currency for forwarding them to their foreign supplier abroad.
2. Such foreign suppliers shall remit the cost of tender documents in U.S.$ through a Bank Draft drawn in favour of the Oil & Natural Gas Commission along with their offer. Tender received from foreign supplier without compliance of above instructions shall be rejected.
3. The cost of Tender paid to the Commission by authorised agents for obtaining tender documents for their principals is reimbursable provided the offer from foreign supplier is received by this office as per instruction mentioned herein before.

The commencement of sale of tender documents will start from the date of publication. No documents will be sold on or after closing date of the tender.

The tender will be received up to 1400 hrs. and opened at 1500 hrs. on the date mentioned above.

The tender documents will be available from our following offices and will be issued between 1400 hrs. to 1500 hrs. on all working days.

1. The Officer-in-Charge (T&S), ONGC, Asia Publishing House, Calicut Street, Ballard Estate, Bombay.
2. Sr.Dy. Director (S&P), ONGC, 50 Chowringhee Road, Calcutta.
3. Sr.Dy.Director (S&P), ONGC, 6th Floor, Kailash, 26-Kasturba Gandhi Marg, New Delhi 110 001.
4. Dy.Director (S&P), ONGC, PMC Section, Deptt. of MM, Tel Bhavan, Dehra Dun.
5. Dy.Director (S&P), ONGC, Madras Forward Base, CSI Building, 225 Cathedral Road, Madras - 600 086.

Sealed tenders in triplicate subscribing Tender No. Closing/Opening date on the envelope should be addressed to the General Manager (MM), Department of Materials Management, Tel Bhavan, Dehra Dun, so as to reach by the scheduled closing date and time.

N.B.

1. ONGC reserves the right to reject any/all bids without assigning any reason whatsoever.
2. Bids or modification to bids received after the opening date shall not be considered.
3. Director offer from the foreign supplier will only be considered.

DEPARTMENT OF ECONOMIC DEVELOPMENT FOR NORTHERN IRELAND

BOREHOLE DRILLING CONTRACT

Tenders are invited on a fixed price basis from competent and experienced drilling contractors for the drilling of up to 12 boreholes in east Tyrone and north Armagh.

Tender documents may be obtained from the offices of the Geological Survey of Northern Ireland, 20 College Gardens, Belfast BT9 6BS, on production of a written application accompanied by a deposit of £20 which will be returned on receipt of a bona fide tender not subsequently withdrawn. Deposit cheques should be made payable to the Department of Economic Development.

Tenders should be returned to the Department of Economic Development, Minerals Branch, Netherleigh, Massey Avenue, Belfast BT4 2JP, in the envelope provided, by not later than 3.00 pm on Thursday, 13 October 1983.

Tenders submitted by post should be registered or sent by recorded delivery. An official receipt must be obtained for each tender delivered by hand.

The lowest or any tender will not necessarily be accepted and the department will not be responsible for any costs incurred by firms in preparing tenders.

GOVERNMENT OF ZIMBABWE
MINISTRY OF TRANSPORT
TENDER NO. 01/9/83
DEVELOPMENT OF HARARE INTERNATIONAL AIRPORT

Consultants interested in carrying out a master plan study for the Harare International Airport Development incorporating airport design, engineering, economic and financial analyses are invited to submit applications to:—

The Secretary,
Ministry of Transport,
Private Bag 7710, Causeway, Harare
ZIMBABWE

Applications will be required to state:—

(a) Experience in major development projects, with particular reference to airport design
(b) Advise availability of staff to undertake the study together with details of experience of key personnel who would be involved in the project
(c) Application in writing to be received by the Secretary no later than 30th November, 1983.

Following appraisal of applications received, the Government will provide further details of requirements to Consultants selected for the short list. Please cable indicating mode of shipment of your application.

B. O. MOTHOBI
SECRETARY FOR TRANSPORT

Harare
September 28, 1983

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How Vickers built a more united team

Nick Garnett describes the advantages to the UK defence manufacturer of moving into a new factory

THE SALESMEN, directors, designers and payroll staff who work for Vickers Defence Systems have been subjected to a major culture shock during the past year. Every day when these white-collar workers arrive at the division's new armoured tank building factory in Newcastle upon Tyne they must pass through the machining and fabrication bays to reach their open plan desks.

The factory — situated in an area where there are to be found some of the most entrenched industrial and labour traditions in Europe — has been designed to remind staff continually that their job is a group task. Even the few offices for the most senior personnel do not carry job titles on their doors. The plant's single aim is to make and market the Mark III main battle tank, its derivatives and the new Valkyr Personnel Carrier.

The catalyst for this culture shock was the relocation of the Defence Systems Division, over a 12-month period to August last year, from a straggle of buildings at Elswick West, Newcastle, to a purpose-built, open-plan factory, one-third of a kilometre long and a mile up the Tyne river from the old complex.

The company — part of the Vickers engineering equipment to Rolls-Royce cars group — grasped the opportunity sharply to reduce the workforce, simplify work structures and streamline production. Some 450 white-collar jobs were cut (more than a third of the site's total workforce), the main casualties being those involved in largely unnecessary paper work systems. Machinery was reinstalled in more logical layouts, substantially raising productivity and output potential with an unchanged direct production workforce of 277. And more than 100 different trade pay rates, enshrined over decades, were swept aside with union agreement and replaced with four basic rates and four levels of bonus payments. It is perhaps not surprising that there is concern that so radical a change could generate tensions on the shopfloor over pay.

The move to Scotswood Road has nothing to do with robotics or Japanese-style labour flexibility. There are no robots; nor have there been radical changes in cross trade flexibility, partly because there is less requirement for such innovations in plants which have no production lines.

The start up of the Scotswood plant underlines, however, three industrial features. One is the vast contribution which a well-designed factory and manufacturing equipment lay-out makes to productivity and cost reductions. Another is the ability of forward-looking managers and receptive shop stewards to make great strides in improving attitudes and operations once the factors which generated operating handicaps are partially removed with the demolition of the buildings in which they were bred.

Finally, the move (code-named Project Dreadnought) was accomplished with a good deal of consultation in Vickers' expanding system of regular team briefings for individual work units. "I'm still amazed at how we have done it all," says Joe Matthews, convenor and plant chairman of the Confederation of Shipbuilding and Engineering Unions.

Team briefing in place

David Plastow, chief executive of Vickers, who transplanted team briefing from Rolls-Royce to Vickers when the latter took over the former says: "We're the only significant company that's got team briefing in place from top to bottom."

The old plant, which employed 1,150 when it was abandoned last year in the transfer, did not have a bad record. It usually made a profit and was not subject to many major dispules. Forward projections showed however that it was heading for dire trouble.

Gerald Boxall, the division's chief executive, who joined Vickers three years ago, was the main driving force in Project Dreadnought. He had been asked by Plastow to produce two reports on the future of the plant. The first—in January 1981—was entitled the "downside is unacceptable." The phrase meant that, during quiet periods, overheads were much too large. "An analysis of costs concluded that if we didn't get certain major orders costs would overwhelm us and we'd go out of business," says Boxall.

The Elswick site had 17 separate workshops, having at one time had nearly 50. A tanks hull would be made in one shop, placed on a low loader, and trucked to another part of the plant for machining. Some pieces departed from one shop only to return later for further work. The stores were housed in a four-storey maze separated from the main production areas.

"The layout of machinery was chaotic," says Boxall. "Some of it was related to pre-1900 activities. It was inflexible. Each shop was generally related not to the product but to the machines."

More significant as a cost drag were the paper work systems, Boxall's first report divided the business into 26 "tablets" — selling, buying, designing, storekeeping, secretarial and so on. He found more than 400 people engaged in work which did not fall into any of these categaries.

"Every job ticket had to be recorded. It was all totally over-controlled. Ninety per cent of it was useless. Almost all the 450 we made redundant were part of the paper systems."

There was also a deep-seated sense of distance felt by one department from another. "We had people working in basement rooms and even sub basement," says Boxall. "Contracts and purchasing only talked to each other by memos from behind mahogany doors."

Matthews says the old plant was a piece from the Victorian era. "We had a range of disputes over conditions, water and coal. The plant was gradually decaying."

There was a piece-work system which Matthews says created an "individual selfishness and negated any concept of team work. It was a bartering system with great inequalities."

The two most powerful manual groups, the boilermakers and sheet metal workers, not surprisingly tapped the system better than the others.

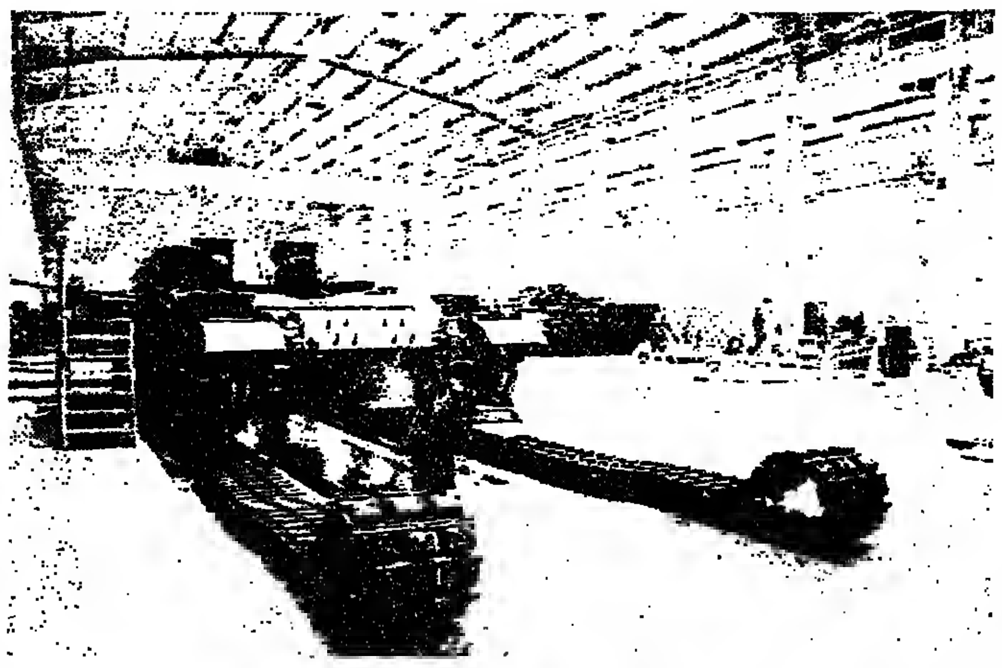
Boxall's second report, in February 1981, said the Elswick plant would make a yearly loss of £5m if it did not have a main vehicle order, irrespective of other outside contract work it was doing.

The paper he wrote looked at a number of options, from withdrawing from the business to building a new, low-cost general purpose engineering facility. The latter, provided manpower reflected order levels, would still make a profit even if it was operating at a third of its machinery-based output capability.

A main part of the £7.5m project Dreadnought favoured by Boxall and agreed by the Board is encapsulated in a nine-foot-long strip of paper, in the convenor's office.

It carries hundreds of little drawings with neatly printed words like "Bogie brackets," "assy area," "Richards V. Borer," "Marwin 1/2/3" and "Bench."

This was the diagram of where every piece of machinery workbench and working area would fit in the new facility. The paper strip is really a workflow chart and all foremen were involved in its preparation. It turned brown with cigarette smoke—a tribute to the way shop stewards and machine operators poured over it to add their contributions.



Vickers' new tank plant: "open factory, not open plan"

The factory is a flexible tank manufacturing plant where fabrication, machining and assembly is done under one roof. The stores are integrated into the centre of the factory which, at 400,000 square feet, is only two-thirds as large as the buildings used at Elswick.

Even so, by increasing the workforce and introducing some new equipment, the new plant could produce more than double the possible output of four tanks a month at the old site. Its yearly heating bill is expected to be about £120,000 —a fraction of the Elswick plants.

New control system

Parallel to the production area, which is now divided into 20 major production and work centres, runs the open plan office which is also the reception area. Here the personnel director sits among his staff. The chief buyer is only 30 feet away from the chief executive's all-glass goldfish bowl office.

"It's not an open plan factory, it's an open factory," says Boxall. "The walls are there to keep the rain out."

The convenor's office is a Portakabin on the shop floor and is a few feet away from the one used by the plant manager. All the former 53 paperwork systems have been ripped apart and replaced by a new production control system.

The company had to compromise on some issues. It wanted a common start time of 8 a.m. for all employees but hasn't managed to achieve it. Everyone clocks in with a card as a security measure, but the deal with the unions was that this would not be used for disciplinary purposes or fixing wages. The big gulf between time-served and non-time-served machine operators which runs through the engineering industry has not been bridged by job flexibility. The company also says it wants to go much further in extending the ability of workers to move between the work centres which are each headed by a foreman.

It is still unclear whether the new grade structure will need much of a settling-in period. The bonus targets were agreed with the help of outside consultants—"They were bloody frank meetings I can tell you," says Matthews.

The boilermakers and sheet metal workers will take a cut in pay under the system and it is that which could cause friction. Up to now their pay has been protected.

A sign, though, that things have changed in Newcastle arrived with the factory's open day for employees in November last year. Because Newcastle United Football Club's new purchase, Kevin Keegan, was playing at home the company expected only 1,500 employees and their families and relations. Instead 4,500 turned up. Most of the men wore suits and the shop floor workers were keen to show their wives where they worked—an uncommon feature of life on Tyneside.

Why successful designs always need a revamp

CONVENTIONAL wisdom has it that the Hovercraft is yet another example of that sad British tendency to make brilliant technological breakthroughs, but then to fail to follow them up, leaving foreign competitors to pinch the ideas and make a commercial killing.

Not so, according to a study published today. Well, not entirely, anyway. UK industry has certainly failed to take advantage of the cardinal rule of technological innovation, that the most profitable application of an idea is seldom the one the inventor first thought of. It is mainly foreign companies, or their UK subsidiaries, which have taken up the hover principle and applied it for various uses utterly distant from Sir Christopher Cockerill's target area of amphibious craft; the hover mower designed by Flymo, a subsidiary of Sweden's Electrolux, is the most obvious exemple.

On the other hand, the development of the hovercraft itself is an exemplary instance of a successful design process, according to the authors of "Design and the Economy," a report published to coincide with today's opening of a major Design Council exhibition in London.*

Under the same title, the exhibition and the report use both macroeconomic analysis and individual company case studies to make the case for better design as a lever to greater corporate success at home and abroad.

Among other claims made by the study on the basis of a series of sector surveys — notably among purchasers of machine tools and agricultural equipment—is that "non-price, factors" such as performance reliability and ease of maintenance account for over 50 per cent of buying decisions in many markets. In the case of agricultural machinery, where British products have been swamped by high-quality foreign competition, price ranked only eighth in the factors that influence farmers to buy one maker's product rather than another's.

Emphasising that one of the causes of Britain's post-war industrial decline is "the relative backwardness of the design and performance of many British products," the study warns that unless UK manufacturers concentrate more on these factors they will risk being caught in a pincer movement of foreign competition: between low-cost producers in the developing world, and high-quality products from the U.S., West Germany and Japan. Consumer durables, one of the eight product areas covered by the exhibition — the others are furniture, farm equipment, toys, electronics, engineering, motor industry, and textiles—are not alone in facing this double-edged threat, warns the study.

Time and time again, the report emphasises the need for more British manufacturers to realise that the design process must continue even when a new product has been produced and marketed successfully. This is where the British Hovercraft company, part of the Westland group, has scored, say the authors.

The initial "AP.1-80" design has been re-designed and altered many times, they emphasise, "with new specifications being continually added to improve quality and performance so that market share can be maintained and increased." The complexity and cost of the product itself and of the manufacturing process, are currently being reduced in several ways, including the use of welded shipbuilding techniques in place of the previous aircraft-type construction, and the installation of four off-the-shelf diesel engines to replace the previous modified aero turbines.

Continuing attention to re-design and re-innovation is a key factor in the success of West German and Japanese industry, the report suggests, emphasising that "incremental" innovation can often bring higher returns—and is less risky—than innovation of the breakthrough variety. Yet UK manufacturers seldom emulate their foreign competitors in this respect, the study continues. In particuler, too few keep in touch with customers after they have bought the initial version of the product.

** The exhibition is open until November 5. The report can be obtained, free of charge, from The Design Council, 28 Haymarket, London SW1Y 4SU.*

Christopher Lorenz

THE ARTS

Television/Chris Dunkley

A gloomy view of the world

TO A programme maker the Prix Italia means the toughest and most highly respected event in Europe—probably in the world—where he can match his skills against those of his peers from dozens of other countries. For a critic the occasion means the best opportunity of the year to compare what he sees week in, week out at home with what is offered to viewers in other countries around the world from America and Russia to South Africa and Finland. The result of that comparison this year is far from encouraging.

Founded at Capri 35 years ago, the festival has this year (in the words of its secretary-general, Alvise Zorzi, author of such books as *The Life of Marco Polo*) "returned to its origina." In 1948, RAI—Radio Italiana—invited members of 13 other broadcasting organisations to meet here and discuss the idea of an international award for radio programmes. In subsequent years the affair flourished and expanded. Long ago the television cuckoo invaded the radio nest and outgrew its bemused host, and in 1983 there are 62 television programmes from 30 countries competing for prizes in three categories: drama, music and documentary.

At the end of the first week all 19 music programmes have been shown and half of the 20 drama entries, which tend to be considerably longer; this year West Germany, Spain and Korea have entered works each lasting more than 120 minutes. We have all the documentaries still to come. Perhaps they will be full of gladness and light, though if past experience is anything to judge by that is extremely unlikely; drug addiction, pollution and warfare are the sorts of subjects usually favoured.

Assuming that is once again the case, the bizarre contrast so noticeable during the first week between the brilliance and prettiness outside the viewing rooms and the gloom and ugliness during the drama screenings within will continue. Capri turns out to be not the tatty tourist trap which some of us cynically expected but a charmingly pretty island with white houses wrapped in bougainvillea and morning glory. To turn one's back on that and the almost absurdly beautiful views of Vesuvius and the Bay of Naples each morning and to pad into the darkness of the viewing rooms in the adapted chapels and halls of the Certosa di San Giacomo for another large dose of gloom and despondency seems perverse almost to the point of insanity.

The shortage of fun in British television and the tendency among programme makers to overlook the viewer's need for entertainment, concentrating instead on his "education," offering his preaching, psychological analysis and social comment (in drama anyway) has been noted here several times recently. So too has the emphasis on the more glum, ignoble, and melancholy aspects of life. It seems, however, that such predelictions are far from being exclusive to British producers.

On the contrary, the evidence from this festival suggests that all over the world programme schedules are chock-a-block with all that is nastiest in the human condition: from political persecution to incest, from betrayal to necrophilia, from madness to murder — every imaginable sort of murder — we have been spared nothing this week in television's determination to show us the warts and forget the all.

Though we have seen only half the drama entries so far we have already watched an old man strangling his faithful housekeeper with his bare hands, it having been previously established that semi-strangulation was his sole means of achieving true sexual satisfaction. That was the climax of a French entry called *Monsieur Abel*, which might have been made by Bunuel on a bad day. It appeared to suffer from a technical hitch causing the entire work to be seen through a clammy blue fog, but the programme notes revealed depressingly that this was no error: "TFI wishes to point out that the blue monochromisme is a choice of the director and of the image director in connection with the atmosphere of this dramatic programme." An "image director" would appear to be a lighting cameraman, and this one needs his head (or perhaps his eyes) examined, though you could argue that his perverse determination to achieve twilight could stand as a symbol for world television.

In the Finnish drama *Rauta Aiko* we were required to watch a decapitation resulting in a bright pink geyser of gore which spurted from the topless neck like oil from a gusher. To be fair this programme (one episode in a series endeavouring to rework the rune singers' accounts of "The Age of Iron") was at least interestingly different in style from the all too realistic school of filmed drama which now dominates television.

While the killing and burning and pillage — and a final scene in which our Scandinavian hero slew a moose and proceeded to snuggle down inside its carcase —were only too vividly realised, there were moments of magic. Not only did the location filming in the misty lakes and islands of Finland make for a mystical atmosphere, but from time to time the fantastic myths of the runes were weirdly recreated.

The only other exception to realism in drama has been the Swedish entry *Hej Du Himlen!* ("Hey You Heaven"), which attempted a virtuoso'a use of the studio to tell the story of the Russian revolutionary Alexandra Kollontay. The trouble here — as so often when anybody does depart from realism — is that the style itself keeps threatening to take over. Thus, a group of today's young people in the studio, nipping around in time-machine fashion from one year of Kollontay'a life to another, are far more intrusive than they should be since there is no good reason for telling the story other than chronologically. But at least *Hej Du Himlen!* avoided physical nastiness: instead we merely had political cynicism, Stalin, the betrayal of a whole generation of Russians and the reversal of one of the world's greatest political ideals.

It was the Dutch who introduced incest in their drama entry *Op Het Eerste Gezicht* ("At First Sight"), a highly realistic study of the inmates of a mental hospital. West Germany showed an episode from *Geschwister Oppermann* ("The Oppermanns"), a series already broadcast in Britain and reviewed here which shows in minute detail how Nazi beliefs and techniques made life intolerable for the members of one Jewish family—a well made work, and engrossing, but just as downbeat as everything else on view. *Le Refus* from France's FR3 was about the destruction of a Parisian youth by drug addiction and his mother's tragic and futile attempts at retribution.

The BBC drama entry, *The Ballroom of Romance*, has not yet been shown but, on the evidence so far, it must stand a good chance of adding yet another honour to Britain's uniquely successful record at the Prix Italia. It is a superbly crafted piece of work, but it too is sad and dispiriting.

The broadcasters themselves might respond to this charge of undue gloom by suggesting that the viewer is well enough served for light entertainment in a whole host of programmes from *Winner Takes All* to *Hi de Hi*. There is, after all, an annual television festival in Montreux which is devoted exclusively to light entertainment; the Prix Italia on the other hand aims quite deliberately at the serious end of the spectrum.

But it is precisely this Hobson's Choice which is so disheartening: to be told you can have either gloom or mindless froth is really not good enough. It must surely be possible to produce "heavy entertainment" (though the overtones of that are admittedly unfortunate) of a sort which has always been familiar in the cinema but which television so rarely attempts for itself.

I suspect that in Britain the reason for this lack can be traced to television's formative period in the late fifties and early sixties when the Angry Young Men washed away the material of Priestley, Coward, Rattigan and so on in a flood of scorn, making way for the theatre of cruelty, "politicised" drama, feminist plays and whatnot. It is far from encouraging to realise now that the rest of the world seems to be following suit.

Scene from West Germany's 'The Oppermanns'

Art/Theatre

Painters past in theatre design

Roy Strong reviews David Hockney's opera designs and finds them wanting

The exhibition of designs by Oliver Messel at the Victoria & Albert Museum may seem a strange point of departure for a consideration of David Hockney's designs for *The Nightingale* and *L'Enfant et les sortilèges* at Covent Garden but it is a fundamental one for it concerns both the future of the painted set and the role of the painter as designer in the theatre.

The greatest exponent of the use of the painter was, of course, Diaghilev, and his contribution to a renewed vitality in theatre design was immense, drawing in painters of the stature of Matisse and Picasso. What tends to be forgotten, however, is the nature of these designs. They were flat painted cloths, ideal for ballet and ideal, too, for touring when they were easily rolled up and transported. It is a format which still has its uses in the ballet today, as David Walker's much travelled neo-Messel *Sleeping Beauty* testifies.

A Hockney design for L'Enfant et les sortileges, with Ann Murray

Diaghilev's patronage had its effect in pre-war England, producing not only Messel but Cecil Beaton, Rex Whistler, John Piper and Leslie Hurry. All had an essentially painterly approach to the stage which depended on illusionistic cloths. Hurry's *Swan Lake*, still in the repertory of Covent Garden after 40 years, preserves like a fly in amber this approach which remained vigorous into the post-war period.

But it all came to an end in the early 1960s. Whistler had long been dead but all these designer - painters suddenly found themselves not only outmoded but also out of work. Messel went to Mustique and continued to create in his 1930s neo-romantic vein but in the field of architecture. Leslie Hurry had a tougher time and took what came his way, in the main in Canada. Piper owed his commissions in the theatre to the loyalty of Benjamin Britten.

A revolution had taken place. Not only were the visual premises from which these people worked shattered (the picture frame stage, for example) but a new audience, used to film and television, found their work flimsy. John Bury, Timothy O'Brien, Eileen Diss or Julia Trevelyan Oman owed their background and training not to painting but to architecture and interior design, often with experience in television and its demands on verity. They were professional designers, not painters *manqués*. They worked in a three and not two dimensions, with an attention and knowledge of materials, including all the new synthetics, which rendered the painterly tradition obsolete. Simultaneously there was a revolution in theatre lighting.

You may well wonder what all this has to do with the new Hockney designs. Well, in fact, it has every thing to do with them. There is a move at the moment to bring the painter back into the theatre. Hockney, initially brought in as a gimmick at Glyndebourne, pioneered this. Rambert has recently commissioned Bridget Riley, Covent Garden, Sidney Nolan and Patrick Procktor. Is this in fact a step forward or is it a step back?

Those who champion this move believe it is one forward. The truth of the matter is that it can only be so if the painter can master the groundwork of what is now a profession. Nicholas Georgiadis is an instance of a painter who has done just this and with distinction. In the case of Hockney this has yet to happen. It is the technical side of the craft which lets him down. A design is not a drawing (these are always a joy) but what the audience actually sees on stage. If Hockney is to develop into a successful designer he still has much to learn. The costumes in both pieces reveal little if any knowledge of fabrics, their cut, their reaction to light, or that, if primary colours are used, the silhouette has to be perfect, which depends on knowledge of the understructure of a garment. His approach to scenery is still that of a toy theatre; everything is a cloth or a cutout.

Any designer also has to know the effects of distance and sightlines. *Nightingale*, bar a splendid red procession, was all blue and white, a marvellous idea with its allusions to porcelain, but catastrophic when Dowell and Makarova were rendered invisible in their dancing beyond the stalls because their costumes were dappled blue and white moving against the same blue and white.

This is not to say that Hockney hasn't a lot to give the theatre. He has. In many ways his work is closer to that of Osbert Lancaster's than he would like to admit. Who, for instance, could have produced such a dotty glittering golden bird on wheels or the enchanting animals borne on litters in *Nightingale*?, or the frogs in *L'Enfant*? The *Nightingale* suits Hockney's essentially flat graphic approach, enabling its fairy-tale quality to unfold freely. John Dexter's stage movement was more complicated than in either Hockney's *Rake* or *Flute*, making full use of the artist's mask-banners borne aloft by the Chinese courtiers, massing them from time to time in striking tableau. In the original Benois designs these were lanterns, many of which did not work, and as Sokolova records, "the effect was a failure."

L'Enfant was pure *hommage à Matisse* but on the whole his children's story-book approach was far less successful here and the delight over a Hockney cat or bat failed to reflect the thoroughly unpleasant nature of Colette's libretto which is better suited to the work of Edward Gorey.

Opera design tends to be conservative by nature. Hockney should have been asked to design in the 1960s, not 15 years later. At least Glyndebourne commissioned new productions from him, whereas Covent Garden only reproduces what the Met has already done.

Put it on Your Head/Almeida

Martin Hoyle

Islington continues in its unlikely role of outpost for Gallic culture in its more arch forms. Not that Théâtre de Complicité is French; but its four founders met while studying mime in Paris and have modelled their work on the mainly non-verbal comedy of Jacques Tati.

Not quite non-verbal, not quite mime. Like Tati they use speech for sound effects rather than sense, to underline character and intensify mood rather than for narrative. Language itself is an aspect of character-painting: Englishness is as integral a part of the toothy wimp as physical reserve and emotional gaucherie. His mother, a fondly fussing old lady, is perfectly represented by Italianate clucking and cooing.

A stranded observer from outer space, more Billy Bunter than ET, provides props and sound effects, unseen by the visitors to a beach. These include a lady librarian given to telling unfunny stories, and a bespectacled Bible reader. Both are driven to the rash carnality of peddling by an Italian swimmer's engaging physicality. An excitable ice-cream vendor, an old lady, and two prissy woman-haters in flowery wigs complete the gallery.

All this is so gently tenuous as to grind to a rarified halt after a bare hour and a quarter. Once you have admired Fiona Gordon's contorted gentility as the spinster struggles out of her stockings and Annabel Arden's telephone impersonations, there is little to say. Marcello Magni adds genial Italian volatility to several parts; and Simon McBurney's confused mangling of scriptural references recalls more conventional revenue material. The show flashes into something like originality in a tremulous exchange between drip and spinster. Strangled politeness over a proffered thermos of tea is intercut with imagined asides of frenzied passion and liberating social coarseness while the rest of the company freeze.

The main impression is of stock situations developed adeptly and unassumingly. Ms Gordon and Mr McBurney especially look like gifted comics, but they need meatier parts: more protein and less préciosité.

Gas & Candles/Stratford East

Michael Coveney

This terrible new play by David Henry Wilson is a good example of a socially conscientious policy disappearing up its own patronising intentions. Joan Littlewood, the founder and guiding spirit of the people's palace in Stratford East, would have a fit.

Taking the plight of two old aged pensioners in a London suburb who cannot afford a slice of bread or a lump of sugar, it creates a totally spurious scenario of melodramatic tub-thumping on such pressing themes as geriatric suicide pacts, media coverage of a Balcombe Street-style seige where the hostages are the old couple at the imagined gunpoint of Irish terrorists, poverty and general dissatisfaction with the state of the world.

The Martins—played by Doris Hare and Derek Francis—met in the old Majestic cinema when she was an usherette and he was the projectionist. For this reason they have unlikely posters of Roger Livesey and Leslie Howard gazing down on the dismal breakfast table. Just a couple of old fag-ends, they be, and on they drone about taking revenge, killing themselves, sucking on dried biscuits and how it might all have been different had they had children.

The writing, which is limp to say the least, is hardly assisted by Philip Hedley's tedious production which does nothing to alleviate the excruciating pain of watching the amiably gallant old performers stumbling from one embarrassing exchange to another.

Mr Francis works himself up into a lather over being deprived by a power cut of an appearance on the television news. He and Miss Hare shout at the police and social services with an unfunny mixture of Celtic accents. An officer eventually breaks in, not before time, to cart the pair of them off to the hospital.

The whole ruse was hatched to draw attention to undernourished OAPs dying of hypothermia in rented accommodation. What I want to know is how Stratford East proposes to deal with undernourished customers dying of boredom in subsidised theatres.

Tom Jones/Albert Hall

Antony Thorncroft

The Albert Hall fortifies the over-40s these days with Tom Jones taking over from the Everly Brothers on Tuesday to freshen the memories and tickle the fancies. It is 10 years since he quit the UK for the green, green dollars of Las Vegas and he comes back billed as "The sexiest Grandad in the World," a doubtful distinction.

The voice may be a bit feebler, the innuendo dampened down, but a Tom Jones concert retains its uniqueness. For a start the music is secondary to the banter with the fans. As much time is spent with the star kissing the audience and thanking them, with some charm, for their gifts of underwear than in actually belting out his rather second-hand repertoire. What he thinks of the garters, suspender belts, G-strings, and panties that he regularly reaps I have no idea, but he takes it all in good part. He dampens dozens of hankies with his effusive sweat but I must admit that rumours of panty-throwing are much exaggerated: time has taken its toll of both the performer and his ladies.

The constant interruptions play havoc with any attempt to create a musical atmosphere, but since Tom Jones either sings his hits like "Delilah" and "It's Not Unusual," or else numbers that sound very similar, it scarcely matters. In any case there is nothing in these routine night club standards to touch the imagination: he even did "My Way." Occasionally Tom lets off a big one, as in "Danny Boy" or "Green Green Grass of Home" but in the main he is there and that is enough.

The voice actually strengthened with time but by then the lights were up and the occasion was over before anyone had really experienced it. Tom Jones comes across as an amiable fellow, with a pleasant word for the bearers of gifts, but as only a fitfully twinkling star.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

September 23-29

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)

Tales from Hollywood (Lyttelton): New Christopher Hampton play about the European emigrés working in Tinseltown during the war. Intelligent, witty and pertinent play about the artist in exile, with Michael Gambon as the lugubriously resurrected Odon von Horwath and Ian McDiarmid a predatory, very funny Brecht. (928 2252)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

A Patriot For Me (Haymarket): Alan Bates leads a wonderful revival of John Osborne's masterful play about sexual and conspirational intrigue in the Austro-Hungarian empire. A rich tapestry, with a famous drag ball scene at the centre. (930 9832).

Great and Small (Vaudeville): Glenda Jackson in top form as an urban lady on the brink. Keith Hack's production is very fine, and London has done full justice to Botho Strauss, one of West Germany's leading young playwrights. Pessimistic material but a highly refreshing, and above all different, sort of evening. (836 9988).

Song and Dance (Palace): Surprise hit at the Palace, newly acquired by the show's composer Andrew Lloyd Webber. Lulu now sings, Graham Fletcher dances. Overblown middle-brow stuff. (437 6834).

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 6108).

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaite Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

Night Mother (Golden): Marsha Norman's harrowing drama of a young woman's last hours before committing suicide in her mother's home makes for the intellectuals' form of sensationalism, with powerful acting by Kathy Bates and Anne Pitoniak, directed by Tom Moore. (239 6200).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472).

Nine (48th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

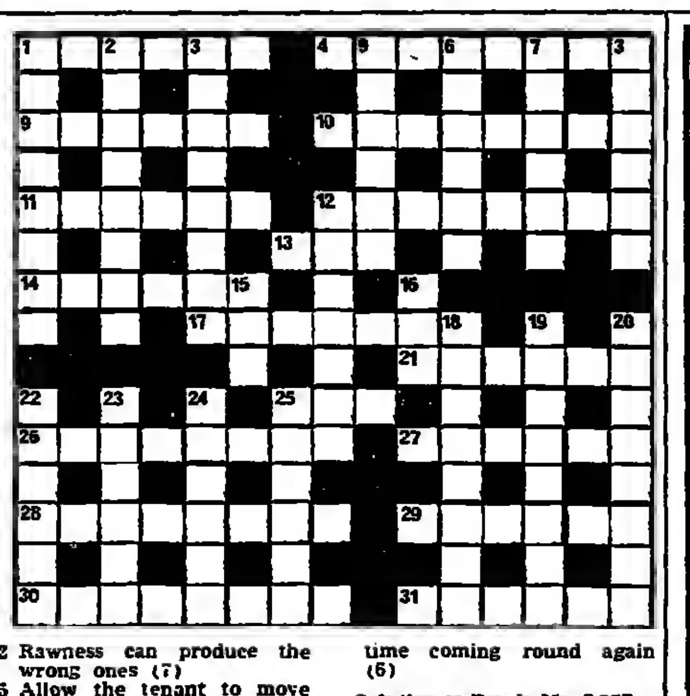
CHICAGO

E.R. (Forum): moving into its second year parodying melodrama in a hospital setting, this Emergency Room finds a new home to continue its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

WASHINGTON

The Golden Age (Eisenhower): A. R. Gurney has built a swift reputation on a career of taking a gentle but not uncritical look at the White Anglo-Saxon Protestants who set the tone of American gentility without always subscribing to its precepts themselves. (254 3670).

F.T. CROSSWORD PUZZLE No. 5,228



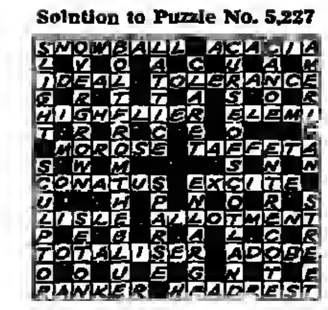
ACROSS

1 Empty one container into another (6)
4 Lay assembly? (3-5)
9 Nowhere near being unapproachable (6)
10 Bill, for example, that is unusually desirable (8)
11 Thought it would be back in time (6)
12 Made inflammatory speeches when disturbed (8)
13 One or more, but not all that many (3)
14 Stock type of pen (6)
17 General protection away from the wind (7)
21 Go back to do repair work on turf, we hear (6)
25 Shipping company that was floated using the double entry system (3)
26 One is not expected to live on them (4, 4)
27 It often figures in art exhibitions (6)
28 Girl to sign for earnings (8)
29 A beast in distress lowers (6)
30 Reveal the record to be unsuccessful (8)
31 Rotten theologian in crooked deal (6)

DOWN

1 Maiden over I can get out in (8)
2 Dead centre? (8)
3 A race of more than local interest (8)
5 A highly commendable speech (6)
6 Where the farmer will go to sow? (6)
7 Income tax return? (6)
8 Gives up the struggle with crops (6)
12 Rawness can produce the wrong ones (7)
15 Allow the tenant to move in (3)
16 Faultily execute right about turn (3)
18 Passing place (5-3)
19 What the driver needs above all is to be sober (8)
20 Being late last month was a relief (8)
22 Not open for business yet clinched the deal (6)
23 There are 150 after a Job (6)
24 All for making a sort of arrangement (6)
25 Consents, but will be a long time coming round again (6)

Solution to Puzzle No. 5,227



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Wednesday September 28 1983

Farmers and taxpayers

The game is np for Europe's farmers. That was the message given last week to a Britisb farming conference by Mr Graham Meadows, adviser to the president of the Brussels Commission. He warned that farmers could no longer ask the taxpayer to subsidise them to produce something which no-one wanted and then expect him to pay even more to dispose of it. There were too many other demands on the Community Budget. Agriculture could not be exempt from the painful adjustment to changed economic circumstances which other sectors were going through. Farmers had to come to terms with a new political and financial aituation within the Community.

The fighting talk is part of the Commission's campaign to convince politicians and the farming lobbies that, this time, reform of the common agricultural policy cannot be evaded. The Community will run out of funds next year unless the cost of the CAP is brought under control; member governments, particularly the UK and Germany, are unlikely to agree to make more funds available in the absence of a CAP reform. The Commission's proposals include penalties on over-production in the dairy sector, a tax on vegetable oils and a reduction of consumer subsidies.

Cynics are already suggesting that the latest attempt at reform, like its predecessors, will be whittled away in the bargaining which takes place between now and the Athens summit in December. The usual compromise hetween divergent national interests (including Britain's determination to reduce its net contribution to the budget) will produce an outcome which falls well short of the Commission's hopes. But the more fundamental question is whother the Commission's plan goes anywhere near far enough.

Excessive costs

The time has surely arrived when a start must be made on a root-and-branch reform of the CAP. The irrationality and excessive costs of the policy have been apparent for years. Far from being the bond which holds the Community together, it has become a source of friction and ill-will both within the Community and between the EEC and its trading partners.

The irrationality stems from the use of high, guaranteed prices for unlimited production, together with strict curbs on competing imports. The result has been to expand output far beyond what could be justified on the basis of comparative advantage and to force consumers to pay higher prices than they need.

According to a report published last week by Agra Europe, food prices at the ex-farm wholesale level are roughly 10-15 per cent higher than are justified by the production costs of the efficient part of EEC agriculture. Large quantities of grains, beef, dairy products and sugar could he imported from third countries with considerable advantage to the consumer. Moreover, as the same report points out, the high price policy cannot even be defended on social grounds. The CAP has not protected the incomes of small farmers; rural poverty persists, especially but not exclusively in the more remote communities.

Safety net

The right long-term solution is a free market in farm products together with income support for farmers who need it. Such a system would satisfy two key requirements laid down in the Treaty of Rome—to provide a fair standard of living for the agricultural community and to ensure that supplies reacb the consumer at reasonable prices. The most that would he needed is a safety net to prevent a price collapse in times of glut.

The Agra Europe report suggests that, out of the 5m people described in EEC statistics as farmers, there are between 1m and 1.75m wbo do not earn enough to maintain a reasonable standard of living. It would be possihle, though difficult, to devise income support arrangements for this group which would not discourage modernisation and a continued gradual decline in the size of the farming population. There are valid social objectives within the CAP, hut the price mechanism is the wrong way of achieving them.

This approach, which is hardly novel, will be dismissed as unrealistic. The well-organised producer lobbies will try to ensure that, whatever penalties may be imposed on over-production, high intervention prices remain the cornerstone of the CAP and EEC agriculture continues to be insulated from the world market. Yet it must be doubtful how long agriculture can retain its privileged position at a time of intense pressure, not just on the EEC budget, but on national budgets as well. It is time for governments, so long in thrall to the producers, to hring the interests of taxpayers and consumers to the fore.

Management in the Civil Service

THERE ARE two views about the possibility of improving the performance of Britain'a Civil Service. The optimists say nothing can be changed overnight; the pessimists say nothing can be changed.

The difficulty in recent years has been that insistence on change emanating from the very highest political levels, namely the Prime Minister and her immediate circle, bas often been thwarted by senior defenders of the status quo within the service itself.

For this reason it is difficult to understate the single-minded achievements of Sir Derek Rayner in getting to grips with efficiency and effectiveness in the Civil Service. Apart from his experience in Marks and Spencer, one of the country's best run companies, Sir Derek had useful previous knowledge of government, notably in the Ministry of Defence. With a mixture of energy and guile be was able to beat the Whitehall machine at its own game.

The Prime Minister, whose commitment to slimming down and toning up the Civil Service is said to be as resolute as ever, now has a new mandata and a new personal adviser on Civil Service efficiency, Sir Robin Ibbs, former head of the "Think Tank" and a director of ICI.

Incentives

It is in this context that today's White Paper on "Financial Management in Government Departments" gains its true importance. At first sigbt it is a rather loose restatement of laudable objectives which havo been advocated in one guise or another since Fulton and earlier.

Nevtherless, the repetition of objectives such as better management of administrative and programme expenditure and the establishment of cost centres with middle-ranking civil servants taking full managerial responsibility for thoir own budgets, can bardly be overdone. Tho fact that the progress reports from individual government departments imply that all too many still must try harder is no negation of the principle. But it does underline that a powerful head of steam needs to be sustained at the highest level to push and pull recalcitrant departments into action.

Tucked away—almost thrown away — in an appendix to tbe paper is a key paragraph: "Sharpening the incentives to good performance". It is the clearest government commitment yet to relating pay to performance. This desirable and overdue recognition of merit needs careful implementation in the context of other recommendations made in last year's report by the committee chaired by Sir John Megaw on Civil Service pay.

There are other, equally important ways of sharpening incentives. One is to instil in line managers a sense of a worthwhile job well done and appreciated; another is to try to revive morale which has been deflated througb a combination of persistent ministerial and prime ministerial carping and indiscriminate wielding of a very blunt axe to cut the service to 630,000, its smallest since the war.

Speculation now centres on a further 5 per cent cut in staff across the hoard. But Mrs Thatcher haa in her grasp an opportunity to resbape the Civil Service and its culture withont union confrontation.

The development of the financial management structures outlined today, with the Ibbs-Rayner efficiency unit pricking and prodding, could belp the Civil Service to improva its effectiveness while simultaneously highlighting scope for rational manpower cuts. The unions, which bave never resisted the intellectual force of this approach, might well be more willing to help if the blunr 5 per cent axe, and the irrational cuts it implies, was unused but known to be in the wings. Morale would revive, together with public esteem for the Civil Service as a worthwhilo career.

BRITAIN'S DEFENCE MINISTRY

Heseltine's £16bn challenge

By Bridget Bloom, Defence Correspondent

"If you're not careful as n minister, you can find yourself the litular head of the bureaucrotic machine, moving relentlessly in the direclion the machine wants . . . it's n very importont requirement thot you should he ohle to identify this phenomenon ond decide at what point, if ony, you wish to assert your own influence"

THUS Mr Michael Heseltine, wbo nine months ago was elevated to head what is Whitehall's largest, and certainly its most complex, bureaucratic machine. He was brought in to the Ministry of Defence last January, initially to stem the tide of anti-nuclear protest in the run up to the Genaral Election, a joh he did with gusto and much success.

But the task that now faces bim—and for which he was also singled out by Mrs Thalcher—offers much less chance of immediate or dramatic results, or of such ready political rewards.

Heseltine's description of the dilemma facing any Whiteball minister is especially apt for his own task at the MoD. Its hureaucracy certainly has a momentum of its own whicb, in the view of one senior civil servant, has not been challenged by any minister in recent years.

Ministers of defence, be says, fall into three types—"the ones wbo run us, those who are good because they fight our corner with the Treasury and Cabinet and those who are bad because they don't." The only one he can remember in the first category was Denis Healey, Labour's defence minister in the late 1960s. "But be was interested in policy, not management he says.

The largest single customer of British industry

Heseltine is cast in a very different mould from Healey. But, like the veteran Labour MP, he has all tho skills of a consummate politiclan. Talking about the massive ministry over which he now presides be gives no hostages to fortune and lets slip no comment whatever about his impending hattles with the Treasury over this year's spending review.

Above everything else he knows that it will take all the wiliness he can muster to change the hureaucracy without in the process being swallowed up by it. No one, bo told Parliament in July, can approach managing the MoD without an "awesome appreciation of its scale."

By any standards the Ministry is buge, in effect a federation of five separate departments; the "semi-autonomous" army, navy and airforce, the 43,000-strong Procurement Executive which huys the forces' weapons and equipment, and the central administration. Latest figures put the armed services at 321,000. The MoD's home-hased civilian staff after a 16 per cent reduction since 1979 should stand at 200,000 by next April. Then there are an additional 32,500 civilians overseas.

This year's budget is nearly £16hn, making Defence the biggest spender after Social Security (£32hn). Of this £16bn, £7.2bn will go on weapons and equipment—by its own estimato the ministry is the largest single customer of British industry.

It accounts for abont half lhe output of the aerospace industry, and one-third that of electronics and shipbuilding. The MoD supports 242,000 jobs in British industry directly, and another 193,000 indirectly, while "at any one time 10,000 British companies are working on defence contracts."

Heseltine decided long ago that if ministers were to manage — to act as a "counterweight to the bureacratic mind" — the first priority was better information about what was going on.

He is convinced previous attempts to reform public sector management failed "because there is no detailed capacity for the people at the top to know what is happening." Hence his key tool is what he terms the Management Information System for Ministers, or Minis which be first introduced in the Department of Environment in 1980. "Minis is the only way I know in which the dehates between ministers and the machine can be conducted on an equal basis," Heseltine says.

It seems astonishing that the information being collected through Minis was not available in any other systematically collated form, hut apparently it was not. It's end result is a whole series of charts and special documents wbicb are designed to show the anatomy of a ministry: precise staff numbers and their costs, plus the responsihilities, objectives and performance of all managers in every department. Heseltine has the preliminary charts adorning his office wall although most of them—unlike those in the DoE — remain classified.

The information is gained through managers themselves describing what they do. Then, depending on their seniority, they face an inquisition on wbat they bave written from the Secretary of State himself, or from the special Minis unit which runs the wbolo exercise. "That provides the creativa tension." as one official put it.

It's a mammoth exercise which "creates a massive amount of work—it's designed to." Heseltine says. So far, not even round one is completed.

Heseltina bas decided not to extend Minis to the fighting forces—"it's very difficult to second-guess the advice of professional soldiers, sailors and airmen designing a force f·r wartime" be says.

"I cannot stand up in Parliament and say I haven't enquired into Mr Jones' activities because he said 'please leave me alone'."

Those questioned in detail so far are the 156 under-secretaries or two-star service appointments at headquarters. These are the men who will ultimately each have at least a half-bour session with Heseltine bimself. The 750 assistant ecretaries and one-star officers working under them bave also been assessed. This, the Minis unit reckons, covers the activities of some 34,000 headquarters staff.

Rather less detail has been sought so far on some 200,000 other staff further down the line, in support organisations like army workshops. At this operational level the questions are more basic, designed to highlight cash and cost controls. Apparently ahout 70 per cent of those responsible for the MoD'a 500-odd executive operations do know their costs, bnt not many have formed hudgets in the stringent sense the Secretary of State would like.

At all levels, Heseltine is trying to identify areas of weakness. He discovered, for example, tbat the DoE had 11 headquarter buildings in London and ordered a reduction to three. Going no further west than Fulham, he bas so far counted 25 in the MoD. The figure was "astronomic," not only in London but "all over the world," he said, "and there is no fighting capahility in much of that."

At its simplest, Heseltine says, Minis is designed to describe the MoD's cost, people and functions in a form which everyone in the ministry can understand and "can therefore discuss without the sort of purple passage language" which normally accompanies such dialogues.

But he recognises that the system can only operate properly if all senior managers use it. Clearly the mere fact of describing what they do helps sharpen civil servants' awareness of their own responsibilities, as does the probahility that they will be questioned by the minister. He also believes tha process la already revealing "quite a lot of latent, high class managers."

Hesoltine expected and found resistance from officials at first but says co-operation has since been exemplary. He leaves the impression, however, that ho would have gone ahead anyway.

An official tells the tale of a senior colleague who wrote on his Minis form that his objectives for the future were to be left olone. "Everyone wanta tn be left alone," Heseltine says. But he adds, somewhat icily, that he could not stand up in Parliament and say "I haven't enquired into Mr Jones' activities, because on beginning to dn so, he said 'please leave me alone.' Parliament would not understand that. And, to be frank, neither would I."

Invigorating though the effects of Minis may be in the upper reaches of the MoD, what does Heseltine actually hope to achieve by improving the ministry's management?

He is reluctant to go into much detail, partly, it seems, because he feels that the base of his information, through Minis, is not yet secure, but partly also because of innate political caution. ("Cautious" is a favourable word. "I wouldn't run from that description," be says).

Pressed to define what he meant when he told Parliament that "significant change" could result from Minis in the "medium term," Heseltine outlined four main areas which, be ultimately agreed, were intended to produce action that sbould save bundreds rather than tens of millions of pounds a year.

These areas are:

- A switch in resources from administration to aharper emphasis on the fighting forces —"reducing the amount of overhead activity in favour of the chap at the sharp end," as he put it.
- Much greater responsibility of managers at all levels for the money they spend. The "responsibility budgets" introduced on a "very tiny scale" under his predecessor Sir John Nott will be "very greatly extended," as will ministerial scrutiny of "very large parts of the organisation which would not normally or naturally receive it."
- Much greater interplay between the private and public sectors. This would range from the measures already being adopted to tauten relationships between defence contractors and the procurement executivo, including increasing competition in defence contracts, to much wider exchange of personnol between industry and the MoD which is just beginning.
- Greater exploitation of the MoD's latent assets. In particular, the research side of the department will be going through "very considerable scrutiny." The MoD spends some £2bn a year on Research and Development. Although Mr Heseltine does not agree with Sir John Nott that there was a 1:2 ratio of R & D to production which could "lead to bankruptcy," it is clear that he wishes to rationalise spending on defence research as well as multiply tho civilian spin-off from it.

Heseltine told the Prime Minister's recent conference on science, technology and industry that he believed large defence contractors were not sufficiently entrepreneurial in the exploitation of detailed research, and he is unhappy that the rights for R & D projects commissioned by the MoD from the large companies remain with them.

Heseltine's hour-long interview came just before he began detailed conversations with the Treasury on the current spending review and he was particularly anxious not to be drawn on that subject.

In July the Treasury cut £240m from this year's defence budget without his knowledge, only hours after he had publicly introduced the Defence White Paper. In recent weeks, the Treasury has made it clear that the defence budget is again a prime target, not just in the current year but, more importantly, in the years ahead.

The big battles will be over whether Britain's commitment to Nato to increase spending by a real 3 per cent a year is to be renewed after 1985-86—as well as over whether, also after 1985-86, the Falklands, this year costing £624m will be funded by the Treasury in addition to the "normal" budget. Heseltine says of the Treasury: "I don't know what they are going to argue and I don't know who's going to prevail. How can I? So there's no use speculating in public about it."

The Treasury has a gatling gun mentality

He only let the visor slip for a moment during his interview. "I think people are pretty aware of the way the Treasury operates," ho said. "They have a gatling gun mentality. They just sweep the arc and see what falls off the trees. . . . I shall never be forgiven for that," he added a little ruefully.

Leaving a lasting impression on such a self-willed organisation as the MoD must be among the more daunting tasks in British politics—so it is hardly surprising Heseltine rarely lowers his guard. He will not be drawn either on questions of broader defence strategy—though he makes it perfectly clear he has no intention of changing any of Britain's major commitments to Nato.

But pressed again to detail precise aims, it is the politician who answers. He does not believe in publishing targets—even in broad terms. "Those would be just broad targets. The broader the target, the easier to hit."

Men & Matters

Buying spree

American hotelier Stephen Sonnabend is in London this week with a short shopping list. He needs just two items—a luxury botel in the middle of London, and another in central Paris.

Sonnabend is senior vice-president of the $100m Sonesta International Hotels Corporation, whicb is controlled by the Sonnabend family after being built up by his father. His brothers Roger and Paul are respectively president and vice-chairman.

They made a mark on tha London hotel acene in the early 1970s when they ran the Carlton Tower Hotel, Sloane St.—for a while it was even called tha Sonesta.

Attracted by a good deal the brothers sold their lease on that hotel to the Lex group for $15m —"The highest figure per bedroom for a London hotal that had ever been recorded" Stephen Sonnabend claims with pride.

Since then the group has changed the style of its hotel activities quite radically—which is why be is now shopping around in London and Paris. It has discarded a number of motor hotels in the U.S. and trimmed its operations to just seven international botels including a new one in Amsterdam—the group's only hotel in Europe at the moment.

The brothers are now convinced that they must make hig investments in London and Paris.

Acquisition of existing hotels looks to them to be the most attractive way forward—"To build would take five years . . . we would rather not lose that time," says Stephen.

"Just a gallon—I over subscribed on your share offer"

Late drinkers

Tea ladles no longer rumble along the balls of Shell Centre on London'a South Bank. They have been replaced by shiny new drinks dispensers whicb state in bright lights that the drinks are free. As a result Shell's consumption of hot drinks is rocketing.

But there is a restriction. The dispensers are programmed to demand money after 5.30 pm. Says a Shell executive, "Anyone who works that late makes enough money to pay for his own tea."

Man of the hour

One man who has wasted little time in recovering from the apparent revolving door method of hiring and firing executives at West Germany's Grundig empire is Horst Rosenbaum.

He has popped up as the new chief executive of the clock maker Kienzle Uhrenfabriken. This follows a quiet few months since be faded from the picture at Max Grundig's TV and video-recorder concern.

Rosenhaum made quite a splash in German business circles when he switched from a top job at ITT's Standard Elektrik Lorenz to become a Grundig lieutenant towards the middle of last year. Like many men before him, he looked for a while like heir-apparent to the crusty 75-year-old company founder. But than he cleared his desk after less than a year.

Now, as man of the hour at Kienzle Uhrenfabriken, he will acquire a share stake, head a three-man management troika and synchronise the work of tho 1,000 employees. Kienzle, a long estahlished concern mainly owned by the Kreidler family, reckons business is going like clockwork, and is regularly making profits.

Still only 49, Rosenbaum, you might say, has time on his side.

Fruit pickers

Some American computer pioneers back in the stone age of the 1970s called their micro machina Apple and soared into the world league on that simple name.

I would have thought that every available fruit would bave long since heen copyrighted from stem to pips hy eager imitators.

Not a bit of it. Britain's ACT, which has mada its name with software and the best-selling Sirius machines, unveiled its new portable executive microcomputer in London yesterday. It has been christened Apricot.

A cbarming fruit, I agreed with the ACT men. But why Apricot?

It transpires that they began hy looking for a simple, friendly name which included the company initials ACT, and came up with Apricot as a working name during development.

When the full ACT hoard met to decide on the final name for the new machine, board members were about equally divided. Half wanted to keep sweet Apricot. The other half wanted ACT-XYZMk2—or some such less-than-memorable title.

Apricot won the day, and the company was delighted to discover that this was one fruit not already bespoken by other compnter makers, or registered in anticipation of designs to come.

Mother's view

Strong language, violence, alternative lifestyles, catering to minority tastes—just the sort of things, you might suppose, that would upset the lady stalwarts of the Mothers Union.

But no, Cbannel 4, familiar with controversy in its early days as Britain's newest entrant to the small screen stakes, has been given a maternal seal of approval by the MU.

"We haven't got a Mary Whitehouse axe to grind and we're a lot more liberal than our image," asserts the MU. All of which is good news for Barbara Hosking, information head of tha Independent Broadcasting Association and due to speak at an MU seminar today on hroadcasting.

In spite of much public fuss about some of tha Channel 4 programmes the union members have some complimentary things to say about its offering.

It is a pleasing, if novel experience for Jeremy Isaacs, C4's chief executive, to find himself firmly cast on the side of the angels.

Clear order

From Andorra comes the story of the window cleaner who asked an old lady if she would like him to clean her windows. "Tbat's very kind of you," she said. "But only on tho inside—I don't want nosey parkers looking in."

Observer

ITALY'S HEAVY INDUSTRIES

Craxi picks up the axe

By James Buxton in Rome

THE MOMENT of truth has arrived for Genoa. Each day the newspapers speak of its "agony," for the Rome Government is nerving itself to make sweeping cuts in the steel and shipbuilding industries which are two of the city's biggest employers. The unions are preparing to paralyse the city in a 24-hour general strike tomorrow.

About 10,000 Genoan jobs in steel, shipbuilding and mechanical engineering have been earmarked to disappear as plants are closed in the next year or so. They all belong to IRI, the state industrial holding company and amount to a quarter of IRI's workforce in the city. Job losses in companies that depend on the plants to be closed are inevitable, too.

Sig Craxi, the Italian Premier, and the Finsider plant in Genoa

That might seem something less than agony by comparison with the redundancies and decline in Liverpool. Indeed, Genoa still has among the highest standards of living in Italy. But Italian cities are not used to this sort of thing. The effects of the world recession have been mild compared with, say, Britain, and nothing has been more cushioned than the state sector.

It is Genoa's misfortune that the state is its biggest employer, that its industries are mostly traditional, and that the relative decline of the past few years has been masked by the continuing generosity of Rome. The classic symbol of decline is Genoa's fine-looking port, Italy's biggest: its restrictive practices, untouched by years of complacent management by political placemen, are such that Genoese importers have been known to bring in goods via Rotterdam.

Now Sig Bettino Craxi, Italy's first Socialist Prime Minister, is having to confront the consequences of years of shelving serious economic problems by his predecessors. In the past 10 days IRI has told the unions that it intends to cut the national workforce of its steel subsidiary Finsider by 25,000—more than a quarter of its 92,000 strong steel workforce. Fincantieri, its shipbuilding subsidiary, is planning 6,800 job losses. Ansaldo, the electromechanical engineering group, wants to shed 3,000 workers. ENI, the state energy holding company, plans 6,500 cuts in the chemical industry, mainly in the south and Sardinia. Most of the figures are kept a little vague. No final decisions hava been mada and nothing has been agreed with the unions. However well over 50,000 people may find themselves affected by the cuts in the coming years.

Successive Italian Governments tried to stave off the effects of recession, with the result that the public sector borrowing requirement soared to almost 16 per cent of GDP last year and is expected to go even higher this year. The Government's apparent lack of urgency in reducing it is beginning to worry the financial markets.

Though Governments failed for three years to do much about the economy, industrialists in the private sector brought about something of a transformation. A strike at Fiat in 1980, which the management won, halted a cycle of declining productivity and profits for large private industry. Since then the big private sector companies have become more confident, efficient and bolder in cutting their labour forces, while avoiding serious clashes with the unions.

In this the state has provided a helpful, if expensive, cushion. Employees of big companies in Italy are hardly ever made redundant. Instead, excess workers go on permanent lay-off, on about 90 per cent of their normal wages, of which the state pays the lion's share. In many cases this kind of first class unemployment pay lasts for years.

The state has also unburdened some of the big private sector groups of their worst albatrosses. IRI last year took over Fiat's steel subsidiary, Teksid. ENI this year bought many of Montedison's primary chemical plants.

But with some notable exceptions the state sector companies did little to rationalise their own affairs. IRI's losses this year are expected to reach L3,000bn (£1.24bn). Last year it was L2,672bn on sales of L37,760bn, and the company's debt at the time was only slightly less than its turnover at L35,600bn.

Two-thirds of this stupefying deficit is due to the steel industry. IRI's steel holding company, Finsider, has lost L5,000bn in the past three years and this year alone is heading for a record loss of L2,050bn, on sales of over L10,000bn. The other major component of the losses is Fincantieri, the shipbuilding arm which has been hit by the world shipbuilding slump, but until now has done little to reduce its payroll.

Though tha steel industry has been losing money for years, it was until a few months ago regarded as almost sacred. The creation of vast modern integrated steel complexes on coastal sites was seen, when it was embarked on in 1951, as one of the best ways the state could contribute to overcoming Italy's economic backwardness. Later it was a way of helping the impoverished south. The logic of the plan created its own momentum, so that expansion of the big centre at Taranto in the south ended only in 1976, and it was only in 1979 that the idea of building another big centre in Calabria was dropped. That year the EEC declared a state of "manifest crisis" in steel. By that time Italy had steel capacity of 36m tonnes, the second biggest in Europe after West Germany.

For a long time the EEC supported and assisted the great Italian expansion, and until 1981 Italian steel consumption was rising, though much of it was being met by imports—since the country is deficient in production of high value flat products. Both the politicians and the unions had so much capital tied up in the state steel industry that closures were unthinkable.

Finsider attributed its losses to the colossal interest payments caused by the Government's inability to capitalise it adequately. The argument, however, diverted attention from the industry's manifest inefficiencies, and from the fact that it is now running at less than 60 per cent of capacity.

Until this year Italy virtually ignored EEC requests under its steel regime to make reductions in its state sector capacity, at a time when other countries were closing (admittedly much older) plant. Steel employment has fallen only 4 per cent, to 92,000, since 1974, while Britain cut its workforce by 65 per cent and France by 41 per cent.

Brussels decreed at the end of June that Italy must cut 5.8m tonnes of capacity by 1985, all but 1m of it in the state sector. Despite an initial outcry, the Government in effect agreed, subject to various provisos, including a new division of the cuts that meant greater reductions by the private sector, where most economically feasible cuts have long since been made.

The new Finsider plan was presented to the unions by Sig Romano Prodi, chairman of IRI since last autumn, after he had secured Sig Craxi's backing. The plan entailed, as expected, drastic closures in blast furnace and steel-making capacity at the Coroigliano plant at Genoa and closures and reductions at other steel plants, including the Bagnoli complex on the outskirts of Naples, which is now largely closed on a "temporary" basis.

IRI's idea is that the surplus 25,000 men could be given early retirement at the age of 50 (and 23,500 of Finsider's workforce are over 50 anyway). This would avoid putting them on state subsidised lay-off, but would still cost the Treasury about L800bn and require special legislation.

The unions are not fiercely opposed to early retirement in the steel industry, but they see the issue as only one element in the bargain they hope to reach with the new government. They want lavish financial help to create jobs in places like Genoa, Naples and Sardinia which will be hit by the job losses in the pipeline. They also want a plan to give work to 200,000 young people, particularly in the south, and a decisive say on what the Government does to cut social security benefits and pensions. In return, they would accept the wage restraint proposed by the Government—that real hourly wages should not increase for three years.

The trouble is that all this means spending more money when the need is to spend less. Appalling choices are piling up on the desk of an inexperienced Prime Minister from a party with one foot in the trade union movement, shackled in coalition with a Christian Democrat Party still uncertain whether it is a party of economic rigour or largesse, and with the Communists offering strong opposition from the left. If the Craxi Government fails, the economic and political consequences could be dreadful. Even for Italy, where the crunch never quite seems to come.

Council for the Securities Industry

A case that should not go by default

By Sir Alexander Johnston

WHEN THE Council for the Securities Industry was set up by the Bank of England in 1978, it was given wide terms of reference to keep under review the evolution of the securities industry and to initiate new policies and codes. Yet this year the CSI played no part in the discussion of major changes in the Stock Exchange. The omission was noticed in the House of Commons but has not been the subject of much published City comment.

If the Bank of England is to be clearly established as the supervisor of the securities market, with the CSI performing specific tasks and available as a forum in which operators and users can be consulted by the Bank, then the CSI should be relieved of the wider responsibilities in its present remit. It would be unreasonable to leave the CSI open to criticism for failing to perform a role when it is not in a position to do so.

However, the case for giving the wider role to the CSI, rather than to the Bank, should not be allowed to go by default. The Bank has great authority and will perform the supervisory function with skill and dedication but it labours under difficulties. The Bank is much closer to the operators—the Stock Exchange and the merchant banks—than to the users of the market. Although it would wish to take a balanced view on a contentious issue, this is not always easy.

Further, the Bank cannot allow its activities in the securities field to operate in ways that would weaken its authority in banking and finance. This can sometimes result in what looks like weakness in the face of determined opposition. Self-regulation depends mainly on consensus and agreement but inevitably there are major issues on which a majority view must prevail. If the chairman of the CSI feels strongly that a course of action should be taken and is opposed, he can threaten to resign. The Governor of the Bank is unlikely to use such a threat in what is essentially a peripheral activity of the Bank.

The users of the market are fragmented. They seem to have appreciated the value of the CSI as a body where they could have an effective voice, as happened in the regulation of dawn raids and could usefully have occurred with the Stock Exchange alterations in organisation. These alterations may have repercussions on other self-regulatory organisations.

The Bank of England is represented on the CSI and participates fully in the discussions on the Council. It has, however, done little to encourage any wider authority of the CSI. Symptomatic of its attitude is the fact that it has not involved the CSI in the work of the Joint Review Body which was established to keep under review the extent to which Government regulation and self-regulation were meeting the needs of the securities market. In 1980, it set up the City Capital Markets Committee covering some of the same ground as the CSI.

The really significant change is that the Bank has become much more active in all the developments that are taking place in the securities industry, sometimes operating in an untidy relationship with work being done by the CSI. A recent newspaper article on developments in City institutions referred to the Bank of England, not the CSI, as the British equivalent of the U.S. Securities and Exchange Commission.

Were the CSI to be given a wider and more effective role, the chairman would have to continue to be a strong independent figure from outside the securities industry. An independent element in the Council should continue. The Council would need a small but very high-powered staff, able to deal directly with the heads of the various organisations concerned. The recent arrangement, made on the initiative of the Bank, by which the Director-General of the Takeover Panel acts also as the Director-General of the CSI would have to end.

The Director-General of the Panel has a wholetime job (almost more than wholetime when there is hectic takeover activity) and merchant banks will always insist on involving the top official in important issues. Further, the Panel requires an executive type as Director-General, whereas the CSI would need someone interested in broad policy issues. There are individuals who can fill both roles but they are rare.

Finally, the arrangement by which the Director-General of the Panel serves for two years has worked well because merchant banks are prepared to release high quality staff who are already versed in the intricacies of takeovers for this short period. The Director-General of the CSI covers a much wider span and needs a longer period of service, possibly provided by a man towards the end of his career.

Various organisational changes might also usefully be made. For example, the chairmen of the constituent organisations normally serve as members. Where a chairman changes frequently, more permanent representation would be advantageous.

The Stock Exchange, when it faced new competition from the Ariel computer trading system, set up a committee of users of the market to advise its chairman when changes in charges and other matters were proposed. If this committee survives the abolition of fixed commissions, there would be some advantage in transferring its work to the CSI.

The users of the market — industry and commerce, the insurance companies, pension funds and others — ought to be involved in the machinery that supervises change in the securities market. The CSI can fulfil this need.

Sir Alexander Johnston was deputy chairman of the Takeover Panel from 1970 to 1983, and deputy chairman of the CSI from its inception in 1978 to July this year.

Letters to the Editor

Waste in small business advice services

From Mr J. Egerton

Sir,—In his article "Waste in small business advice service attacked" (September 19) Tim Dickson observes that chambers of commerce have been criticised for neglecting some smaller members, and goes on to suggest this as a possible explanation of the proliferation of enterprise agencies and small firm support organisations. There are some problems with this thesis.

If it were true, one would expect that enterprise agencies would have sprung up where chambers were weakest. In fact, the earliest and largest enterprise agencies are in areas with strong chambers with an unusually high number of small firms in chamber membership. It is true that agencies have now proliferated into areas with weak chambers, and in some cases seem to have adopted some of the roles properly discharged by a chamber, but there is no evidence that enterprise agencies are in any sense competitors to chambers. Rather, enterprise agencies complement chambers by supplying a specialised service in contrast with the services, information and representation provided by chambers for the generality of their members.

The evidence of small firm dissatisfaction with chambers is open to question. It is true that in 1982 Capital Planning Information did record evidence of fairly extensive dissatisfaction on the part of small firms which they surveyed. The sample, however, was drawn from only four areas and the results are not readily reconcilable with more recent evidence on national samples. Data on chambers of commerce is of course difficult to evaluate unless the individual chamber is named since there is no protection for the name so an isolated comment may refer to chambers as diverse as, say, the London Chamber and the Stow-on-the-Wold Chamber.

Although the bulk of chamber membership consists of small firms, there is some evidence which implies that the chambers which have the highest proportion of local small firms in their membership also have the highest proportion of local large firms which would not be the case if there were serious conflict between providing services for small and large firms. Indeed, since one source of information used by chambers in answering requests from members is other member firms, small firms almost certainly benefit from chamber efforts to involve medium and large firms. Dependence on exclusively small firm organisations for help and advice could clearly limit the ability of a growing firm to obtain information necessary for its development.

J. R. S. Egerton.
Oxford Centre for Management Studies,
Kennington,
Oxford.

Coal as a gas source

From the Chief Executive Officer,
GHK Gas Corporation

Sir,—After reading (September 6) the article "NCB predicts return of coal as a major gas source"; the idea that demand for natural gas will continue to grow in the United Kingdom as well as in the rest of the world is accurate. But, to think that this gas will be produced from the conversion of coal is, in my opinion, a gross error because the conversion of coal to methane cannot be accomplished in a way that is both environmentally benign and commercially competitive with the production of natural gas from the United Kingdom.

Although currently developed North Sea natural gas will eventually be depleted; enormous and unmeasured amounts remain to be drilled at deeper levels. In addition to the further development of North Sea gas, there has been almost no exploration of the deeper horizons onshore and it is the firm opinion of this exploration geologist that substantial national resources of natural gas can be developed from both offshore and onshore England at prices substantially lower than that which can be obtained from any reasonably environmentally benign coal gasification plant.

For these reasons, I would hope your National Coal Board would take a lesson from our Synfuel Corporation which has underwritten a $2bn coal to gas conversion facility which is currently projected to lose $1bn in its first decade of operation.

Robert A. Hefner III,
6441 NW Grand Boulevard,
Oklahoma City, OK 73116.

Cuts in capital programmes

From the President,
National Federation of Building Trades Employers

Sir,—Your article (September 23) about reductions in public housing investment planned for 1984/5 has caused grave concern to the construction industry. Press reports of the Government's intended actions must always, of course, be treated with caution but the authoritative nature of your newspaper and this article in particular forces me to treat it most seriously.

If the Government does indeed go ahead with the £500m reduction in housing investment programmes and the further cuts in urban programmes which are suggested, then this will be a damaging and short-sighted blow to employment, training and confidence in my industry. Capital programmes have already borne virtually the full brunt of the Treasury axe in the last four years, while current expenditure has continued to rise. The Prime Minister seemed to have fully understood the folly of this approach when she launched her admirable initiative to increase capital spending last October.

All her good intentions then will be totally wasted now if the Treasury does indeed impose such cuts on capital programmes for the forthcoming financial year. Employment in the construction industry has already dropped by around one-fifth in the past four years, far more than in most other industries, especially in the public sector. Now is the very last time for the Government, against all its previous promises, to set about cutting even further into an already depressed industry.

Bruce Chivers.
82 New Cavendish Street, W1.

Agricultural tenancy legislation

From Mr A. Rosen

Sir, — John Cherrington reports (September 22) that the Government is intending to legislate in respect of agricultural tenancy law. He states that this will be "based on proposals worked out by the Country Landowners' Association and the National Farmers' Union."

The whole idea of new legislation was based on the need for new entrants to rejuvenate the farming industry and that more encouragement needed to be given to landlords to increase the number of farm lettings available. Under present laws there can be no sensible reason for any private landlord to let his land.

It is now accepted by all concerned, however, that the CLA/NFU proposals will not bring one new farm into the letting market, indeed it will act as an even greater deterrent than the present laws.

Knowing this what possible reason can there be for proceeding with this further piece of harmful tinkering with the laws?

If it is indeed the wish to increase the opportunities for new entrants then it can be done very simply by making it fiscally advantageous to be a landlord rather than an owner-occupier.

Anthony Rosen.
Moor Hatches,
West Amesbury, Wilts.

Choice in taste

From the Managing Director,
Uden Associates.

Sir. — If Colin Amery (September 19) had been a little less quick with the knife he would have noticed that Stephen Bayley, the curator of the boilerhouse project and author of the present "Taste" exhibition, did not exhibit a safety razor and an oil can as "good because it relates closely to its function" (whatever that means) —I did. These objects are in a section of this exhibition devoted to weekly guests who are asked to make a case for their taste in objects.

Mr Bayley was scrupulously fair in allowing me to exhibit within reason whatever I wished, but by cross-referring my personal selection with Stephen Bayley's historical view, Colin Amery concocts an argument against the curator and the exhibition as a whole.

Patrick Uden.
Chelsea Wharf,
Lots Road, Chelsea, SW10.

A service for the institutions

From the Managing Director,
Automated Real-Time Investments Exchange.

Sir,—I was interested to read Mr Leach's comments (September 22) on ARIEL, but as the present managing director I would like to correct any impression he may have given that ARIEL's mission has now been accomplished.

ARIEL is now operating on a profitable basis, and, as a result of recent internal re-organisation, I have every confidence that the company will remain competitive and continue to provide a service for the institutions, whatever commissions, or dealing practices are adopted elsewhere.

P. C. Hicks.
42-47 Minories, EC3.

FINANCIAL TIMES

Wednesday September 28 1983

Lebanese ceasefire marred by clashes

By Patrick Cockburn in Beirut

PALESTINIAN guerrillas exchanged fierce artillery fire with Syrian forces at the Beddawi refugee camp in north Lebanon after a Palestinian clash in which up to 17 guerrillas were reported killed.

On the second day of the ceasefire, the Lebanese army and gunmen in the south-east outskirts of Beirut clashed leaving at least one Italian paratroop injured in the crossfire.

Efforts to form a military committee from the Lebanese army and belligerent groups to arrange for the appointment of as many as 600 UN observers ran into difficulties.

Its first meeting was delayed because of the difficulty of finding a neutral place to meet and some factions had not decided on their representatives.

A meeting between the leaders of different parties in Lebanon is due to start once the ceasefire is seen to have taken hold, though it has not been decided where it will meet.

Tension has also eased in the southern suburbs of Beirut, the stronghold of the Shiah Moslem sect, where there have been clashes between the army and local militiamen. Amal, the Shiah political grouping, controls almost all the area, which contains up to 600,000 people.

Although there were plenty of militiamen on the streets yesterday, both in military and civilian clothes, there were no exchanges of fire with the army.

Nevertheless, the inability of the Government to exercise any authority over about half of the population of the capital clearly weakens President Amin Gemayel's authority.

Any move by the Lebanese Army into this area, stretching past the U.S. marine positions to close to a hilltop suburb controlled by the Druze, could lead to a breakdown of the ceasefire.

Amal, led by Mr Nabih Berri, has kept a certain distance between itself and the rest of the Syrian-backed opposition, but its arms all come from Syria.

Two Amal gunmen were cleaning their guns yesterday in a ruined house only 100 yards from a U.S. artillery battery of 155mm guns pointing at the hills.

In any clash, the Americans would find it difficult to defend themselves, and the use of their heavy guns against the close-packed slums would cause heavy civilian casualties.

Amal leaders are adamant that the army will not be allowed to enter their strongholds. Their militiamen, although short of heavy weapons, are highly motivated

Reagan urges boost for IMF funding

Continued from Page 1

the Fund to show that they will continue to co-operate with the institution.

He also made it clear that the Fund would be calling on the richer members for further loans in future years. Although he gave no figures, IMF staff privately estimate that up to $6bn might be needed in 1985-86, in addition to the 1984 loan now being negotiated.

Although several countries including the U.S. and West Germany have been calling for a reduction in the general scale of activities of the Fund, M de Larosiere made it clear in his speech that the "realities of the time" required that the substantial lending available to debtor countries under the so-called "enlarged access" facility will need to continue.

It was mainly because of M de Larosiere's insistence that ministers were forced to continue talking into the small hours of Monday to agree a new formula for the scale of lending for the Fund in 1984. Their compromise will enable the IMF to increase overall help to countries in special difficulties by about 20 per cent.

Eastern 'to go bankrupt' if wage cut is refused

BY TERRY DODSWORTH IN NEW YORK

EASTERN Air Lines, the fourth largest U.S. carrier, threatened yesterday to follow Continental Airlines into the bankruptcy courts if its 37,500 employees refuse to accept a 15 per cent pay cut.

The challenge comes only days after Continental took the unusual step of filing for the protection of the courts under Chapter 11 of the bankruptcy laws in a preliminary step aimed at lowering its wage rates.

Mr Frank Borman, the former astronaut who is Eastern's chairman, told employees that if the company could not obtain significant cost reductions it would have to adopt the same policy or close.

The move provides further evidence of the financial strains that have spread across much of the U.S. airline industry during the past year. Eastern, which operates mainly on East Coast routes, has suffered from sagging demand at a time of rapidly escalating wage commitments.

Only six months ago it agreed to a pay and benefits package giving its machinists an increase of almost 30 per cent by the end of next year, and it is facing strike threats by its 5,800 flight attendants in the middle of next month.

Yesterday the machinists and the company's 4,000 pilots rejected the pay cut proposals. The pilots recorded a vote of no confidence in Mr Borman – who has himself promised to cut his own annual salary of $331,000 to $1.

Eastern's finances have also been undermined by a three-year sequence of losses amounting to a net total of $158.2m by the end of last year. Since then it has run up a further $106m deficit.

Michael Donne, Aerospace Correspondent, writes: If Eastern closes or files for protection under Chapter 11, it could cause serious financial difficulties for UK aerospace and aero engine companies, several of which are involved with Eastern's fleet re-equipment programmes.

Rolls-Royce could be particularly affected, as its RB-211 engines are used in Eastern's fleet of 28 Lockheed TriStars, all of which are in service, while its 535 engines are used in the fleet of 27 Boeing 757s now in process of delivery.

Other U.S. corporate news, Page 19

Usinor expects FFr 4bn loss after decline in steel prices

BY DAVID HOUSEGO IN DUNKIRK

USINOR, one of the two French state-owned steel groups, expects to make a loss of more than FFr 4bn ($499m), this year, according to its president, M Raymond Levy.

The loss follows a FFr 5bn deficit last year, of which FFr 2bn was the result of exceptional factors. M Levy said that this year's expected sharp increase in operating losses was due to a fall in steel prices and the deteriorating situation of the company's subsidiaries, including its special steel branch.

M Levy, who was taking part in the 20th anniversary celebrations of Usinor's integrated plant at Dunkirk, confirmed that the group would be taking over some of the steel interests of the ailing Creusot-Loire engineering concern.

He said that Usinor was interested in its marketing network, forges and foundries and its laboratory. Negotiations, however, are still taking place and an announcement is expected soon.

M Levy, who has been outspoken in his demands for a further rationalisation of the French steel industry, called for "extremely close co-ordination" between his group and the other state-owned company, Sacilor.

He added: "I can willingly imagine an operation of the Thomson-CGE type in the French steel industry."

Thomson and CGE, the two giants of the French electronics industry, last week swapped activities to concentrate and complement their resources. M Levy ruled out a single steel company for France as being "too large" and "dangerous."

He said that in the present depressed market, it was vital that the two groups "lived as part of a cartel" and were not engaged in destructive competition.

He considered that Usinor was prepared to move toward far greater competition. M Levy did not spell out what facilities he might wish to swap, but he has made clear that he would like to concentrate the group's activities around the Dunkirk plant, which is being further modernised, and the group's other modern flat-product installation.

M Levy said that the issues of fresh plant closures and lay-offs had yet to be resolved. Usinor, it is known, would like to replace its blast furnaces and smelting capacity in Lorraine, based on high local cost ore with electric furnaces using scrap metal. But this would entail several thousand more redundancies.

He listed three factors as important to lifting Usinor out of the red:

- A Europe-wide agreement on an increase in steel prices. He said that if Europe's prices were as high as Japan's internal prices, then Usinor would almost balance its accounts this year.
- A reduction in financial charges from their present level of about 9 per cent of turnover.
- Cutbacks in expenditure and manpower "to reasonable levels." He pointed out that while Britain had made large lay-offs in the steel sector and Italy had announced them recently, the problem remained unresolved in France.

Losses mount at Poclain, Page 19

Framatome stake may be sold to aid Creusot-Loire rescue

BY DAVID MARSH IN PARIS

THE FRENCH Government's Atomic Energy Agency (CEA) has emerged as the front runner to build up a powerful stake in France's nuclear reactor company Framatome as part of efforts to solve the financial difficulties of the Creusot-Loire engineering group.

Negotiations on a rescue package for Creusot-Loire, which owns 70 per cent of Framatome but needs to raise cash quickly to avoid bankruptcy, are still going on. No final decision has been taken on a complex asset restructuring involving the group's engineering and steel interest.

But the CEA, which already owns 30 per cent of Framatome, seems now to have won Government approval for a possible increase in its stake to 50 per cent.

The value of Framatome's assets has been hotly disputed by Creusot-Loire and the nationalised electrical group Compagnie Générale d'Electricité (CGE), the other principal company interested in taking a stake in the nuclear reactor concern.

But assuming an asset value for Framatome of about FFr 2bn, a 20 per cent increase in the CEA's stake would provide Creusot-Loire with FFr 400m to FFr 500m of the total FFr 2bn the engineering company has been seeking.

The CEA has previously proposed increasing its participation in Framatome. But the nuclear company has also been energetically courted by CGE, which has proposed that its own engineering subsidiary, Alsthom-Atlantique, take a majority stake.

Alsthom, however, has made clear that it would not be satisfied with the 35 per cent share in Framatome which was proposed by the French authorities in late summer.

Jaguar executives plan buy-out

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

SENIOR executives of Jaguar, the luxury car subsidiary of Britain's state-owned BL motor group, want to buy the company when it is put up for sale under the Government's privatisation scheme. Preliminary soundings for finance have already been made in the City of London.

Although Jaguar is likely to be the first part of BL to be sold, Mr John Egan, chairman and chief executive, stressed yesterday that no plan or date had been agreed for the sale.

He said he would "not be dismayed" if Jaguar was sold, but much would depend on the method chosen.

He refused to be drawn further, but other senior executives made clear that they would favour a management buyout. That would give the present successful management team an added incentive to stay together.

Mr Egan emphasised that the decision would be for the BL board and the Government. "My job is to make Jaguar as good a company as I possibly can," he said.

"I think that BL has been a very benign owner for the past three years – Jaguar could not have had a better parent. But I do not think a government should own airlines or luxury car companies."

Mr Egan said the company was now "comfortably profitable," needed no more government money, and was earning enough to cover its future investment needs.

Turnover this year will be about £420m ($631m), up from £165m when Mr Egan and his new management team took charge in 1980. The company will spend about £40m this year on research, development and capital equipment.

Jaguar, after its split away from Austin Rover, BL's other car company, has cut its UK dealer network. The number of outlets is expected to be down to 150, from 289, by the end of this year. Jaguar is setting up its own sales companies in overseas markets where previously it was linked with Austin Rover.

Worldwide Jaguar sales to the end of last month were 19,254, up 36 per cent from the 14,095 sold in the first eight months of 1982. The North American market showed the biggest increase.

French agree Acclaim is European, Page 10; Renault in funding move, Page 19

Germans to probe Chevron takeover

By John Davies in Frankfurt

THE FEDERAL Cartel Office in West Germany intends to look closely at plans for Texaco to take over the petrol distribution interests of Chevron.

The takeover is part of a deal under which Texaco is to buy much of the refining and marketing assets of Standard Oil of California (Socal) in north-west Europe. Chevron is a Socal subsidiary in West Germany.

The Cartel Office said yesterday that it would examine the West German aspects of the deal very critically, but it was too early to indicate what attitude it would take. A decision might take three or four months.

However, the Cartel Office said there were fewer difficulties than in the Rothmans-Philip Morris case. In that instance, it banned a merger of the cigarette groups' German operations although the merger was part of a wider international deal.

The Cartel Office's ruling against the cigarette companies was upheld recently by a West Berlin court, but the scope for legal appeals has not yet been exhausted.

A Texaco takeover of Chevron would increase its involvement in petrol marketing. At present, Texaco operates more than 2,300 petrol stations and Chevron about 460.

Texaco said yesterday that the company would continue to streamline marketing by closing uneconomic petrol stations. But it was not yet possible to say how this would be done. Chevron operations would affect the position.

The number of petrol stations in West Germany has been steadily falling. At the end of last year, the country had just under 23,000 petrol stations, less than half the number in 1969.

For some years the oil companies have reported heavy losses on refining and distribution in West Germany, because of intense competition and over-capacity.

The companies have had difficulty pushing through price increases because of competition from petrol coming through the free market and refined abroad.

In the latest price move, Aral – the biggest chain of petrol stations – has just lifted petrol prices, after a decline in recent weeks as the holiday season came to an end. Other oil groups say they have not yet decided about price increases.

Paris seeks electronics 'alliances'

Continued from Page 1

over five years in the French electronics sector, M Fabius said that the state's share would be about FFr 60bn. The Government, through Defence Ministry and PTT orders as well as other fundings, gave support to the electronics sector worth nearly FFr 15bn this year, an aide of M Fabius said yesterday. He said the rate of government support would be maintained at more than FFr 10bn next year.

These figures disguise a host of problems in the industry, including the continuing heavy financial needs of state corporations to cover past losses and accumulated debts. Moreover, the Government is clearly under pressure to maintain its financing commitments in the face of its current policies of budgetary restraint.

To enable France to make what President François Mitterrand called yesterday "the great leap forward," the Government is launching a number of new ventures to support the development of the sector.

Priority will be given to electronic ventures in the recently arranged state fund for the modernisation of French industry; a robotics plan is soon to be approved by the cabinet; public sector purchasing methods are to be simplified for electronic orders by reducing bureaucracy.

THE LEX COLUMN

BHP adds steel to its keel

The Bank of England's new captain, Mr Robin "Stonewall" Pemberton, is taking no chances in his first innings. On what looked yesterday morning to be a perfect batting wicket, he played a series of enticing deliveries from Clive, Gerrard and others with a straight and defensive bat. Suggestions from the pavilion that he was saving his attacking strokes to coincide with the selectors' annual meeting in Blackpool were not in the spirit of the game.

BHP

Australia's largest company has made an appropriate contribution to the day of national celebration: Yesterday's figures for the three months to June showed that Broken Hill has at last come to grips with the steel division, which lost no less than A$144m in the year to June.

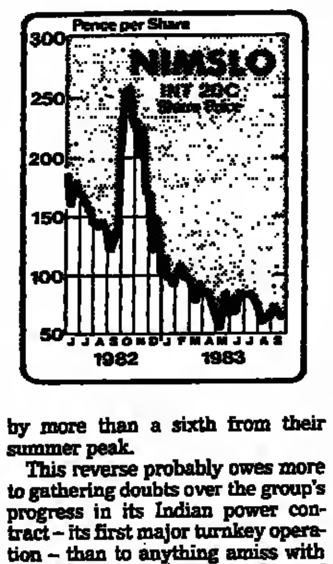
With the bulk of the rationalisation programme now complete, and production running at perhaps 85 per cent of available capacity, steel has reversed sharply to a net profit of $10.6m for the quarter, despite a fall in overall tonnage, and group profits are up 42 per cent at $124.8m.

With a difficult wage round ahead, the steel division is not certain to stay in the black for the full year. But, after the haemorrhage of recent years, at least the cash bleeding should be stemmed. And, with BHP's share of the monumental Utah acquisition still to be financed, cash generation must be top of the group's list of priorities. BHP seems close to finalising a project financing for part of the deal but, depending on its final stakes in the Utah consortium, BHP might still need to raise around $300m from the equity market.

Mr Robert Holmes à Court may, ironically, have facilitated this task by drawing attention to the low market valuation previously accorded to BHP's assets. His own takeover attempt may net perhaps 2 per cent of the equity now that the terms have been improved. Mr Alan Bond, of course, could buy the whole company this week for a pint of beer and a five cent cigar.

Northern Engineering

The market has been turning against NEI lately and not even a fairly confident statement yesterday could stop the shares drifting another 4½p to close at 91p, down



by more than a sixth from their summer peak.

This reverse probably owes more to gathering doubts over the group's progress in its Indian power contract – its first major turnkey operation – than to anything amiss with the figures. Pre-tax profits of £20.1m for the six months to June were indeed at the lower end of expectations, but that will put them 12 per cent ahead of the first half last year, while the order book has stabilised at about £1½bn.

Another source of worry may be that the rise in pre-tax profits stems from Northern's skill at keeping stocks rotating smartly, rather than from any improvement in its trading margins. Northern's interest account has swung round by about £4m in the past 12 months and the balance sheet is now completely clear.

What may need to be sorted out before the shares turn round is the outlook for Extel in the U.S., still in loss because of development expenses, and for the incoming orders to replace workloads which will start to run off as the Heysham and Torness contracts finish next year. But a yield of more than 8 per cent and a price/earnings on likely actual tax of about 7 suggest that the doubts have been overdone.

Nimslo International

Nimslo's 3D camera was only on sale in last year's first half for less than three months in Florida and about as many weeks in 16 other eastern U.S. states.

In the six months to June, the camera was nationally available in the U.S. and appeared in British and West German shops for the first time. For sales to have increased from $0.6m to just $3.9m must therefore, be causing the company deep concern, notwithstanding the array of mitigating factors lined up beside yesterday's interim results which showed an attributable loss up from $9.5m to $11.8m. The shares closed 2p down at 62p.

Management has drawn many expensive lessons from the less-than-grand $27m debut for 3D technology. Since January, it has overhauled the manufacturing, distribution and promotion of the new camera, co-operating with two major Japanese companies and cutting back its own central costs.

The changes have significantly diluted the shareholders' interest in 3D's future, though Nimslo has retained control of the critical film processing operation. But how critically last year's debacle has curtailed Nimslo's ability to survive the recession in the photography market is still unclear. The company has so far failed to emulate Polaroid's educational marketing on behalf of instant cameras more than 20 years ago. Its Christmas campaigns – including a £0.6m promotion about to start in the UK – *look* ominously like a last-chance throw.

Inchcape

After two successive years of decline, Inchcape has at last managed to produce an increase in interim profits. The gain is admittedly only £180,000 at the pre-tax level and even that is attributable to currency movements but, for shareholders who have been driven close to distraction by the company's recent performance, it is still progress of a sort.

The market, however, pushed the shares down 14p to 298p, a figure supported only by an 8.9 per cent yield and vague bid speculation. The situation in Hong Kong has certainly not helped sentiment, but the overwhelming response to figures like these is one of frustration.

Inchcape may now be setting its house in order. Peripheral businesses are still being sold and disposals this year could yield almost £30m, roughly equivalent to the group's likely cash inflow. But it still leaves the impression of responding to circumstances rather than creating them. After making £24.5m in the first half, there is no reason to expect much more than last year's £50.3m pre-tax for the full 12 months. And while the tax charge may fall below last year's 67 per cent, it may still be high enough to leave a maintained dividend less than fully covered.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	S	25	77	Malaga	S	27	81	Salzburg	S	20	68
Algarve	S	29	84	Faro	S	37	99	Malta	F	21	70	Seoul	C	25	77
Algiers	F	25	77	Florence	S	22	72	Manila	R	31	88	Singapore	C	31	88
Amsterdam	C	18	64	Frankfurt	S	22	72	Miami	S	29	84	Stockholm	F	18	64
Athens	S	25	77	Funchal	F	27	81	Milan	S	23	73	Strasbourg	S	19	66
Bahrain	S	35	95	Geneva	S	19	66	Moscow	S	12	54	Sydney	S	22	72
Bangkok	R	31	88	Gibraltar	F	26	79	Munich	S	19	66	Taipei	S	32	90
Barcelona	S	25	77	Guernsey	Fg	15	59	Nairobi	S	27	81	Tangier	S	27	81
Beirut	S	28	82	Helsinki	C	12	54	Naples	F	22	72	Tehran	—	—	—
Belgrade	S	19	66	H. Kong	S	32	90	New Delhi	S	33	91	Tel Aviv	F	28	82
Berlin	S	21	70	Innsbruck	S	20	68	New York	C	20	68	Tenerife	S	33	91
Biarritz	S	23	73	Inverness	C	17	63	Nice	S	25	77	Tokyo	R	20	68
Blackpool	C	17	63	Istanbul	S	22	72	Oporto	S	22	72	Toronto	C	20	68
Bordeaux	C	21	70	Jersey	S	17	63	Oslo	F	18	64	Tunis	S	16	61
Brussels	S	23	73	Jo'burg	S	26	79	Paris	S	23	73	Valencia	C	25	77
Budapest	S	20	68	Las Palmas	S	32	90	Prague	S	21	70	Venice	S	22	72
B. Aires	R	22	72	Lima	F	20	68	Reykjavik	S	5	41	Vienna	S	20	68
Cairo	S	30	86	Lisbon	S	30	86	Rio de J'o	C	26	79	Warsaw	S	19	66
Cape Town	F	17	63	Locarno	S	21	70	Rome	S	27	81	Zurich	S	17	63
Caracas	C	29	84	London	C	21	70								
Casablanca	S	28	82	Los Angeles	S	26	79								
Copenhagen	S	20	68	Luxembourg	S	21	70								
Corfu	—	—	—	Madrid	S	25	77								
Dublin	C	18	64	Majorca	F	25	77								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Brazil's creditors reach agreement

Continued from Page 1

British officials confirmed yesterday that the UK had undertaken to reschedule its export credits to Brazil maturing up to the end of 1984 but had declined to put up any fresh money. That would give Britain a tiny share of only $200m in the overall rescue package.

The expected exchange between the two leaders emphasises that at least part of the $11bn package remains very loosely defined.

As part of the deal, M de Larosière has said that creditor governments and multilateral agencies such as the World Bank will provide a total of $2.5bn. A further $2bn is to come from a Paris Club rescheduling of industrial country export credits to Brazil, leaving $6.5bn to be raised in new commercial bank loans.

At the IMF meeting here, Mr Nigel Lawson, the UK Chancellor of the Exchequer, has been urging the U.S. to play a greater role in helping Brazil. Britain and some other European countries feel that the proposed U.S. contribution of $1.25bn in export credits should be increased. That is because the U.S. has refused to contribute to the $3bn that the IMF is seeking from leading industrial countries.

One area in which the U.S. feels Britain could play a role is in providing bridging finance to tide Brazil over until the rescue money is ready for disbursement.

Although it has been agreed in principle by all Brazil's main creditors, the deal will still take several months to complete, making it hard for Brazil to eliminate arrears on foreign debt service payments between now and the end of the year, as it has pledged to do in its Letter of Intent to the IMF.

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SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Wednesday September 28 1983

Amex launches $773m bid for Alleghany unit

BY PAUL TAYLOR IN NEW YORK

AMERICAN EXPRESS, the rapidly-expanding financial services group, is to pay $773m in cash and stock for Alleghany Corporation's main subsidiary, Investors Diversified Services (IDS).

The announcement marks the resurrection of a deal which American Express originally made public in July but abandoned the following month.

Under the terms of the earlier deal, American Express would have swapped just over $1bn in stock for most of Alleghany's assets including IDS, which is a major mutual fund manager and insurance group with $1.3bn in revenues last year, and MSL Industries, a steel products company.

That deal apparently fell through after American Express had second thoughts about the price it was paying and about other aspects of the agreement. However, at the time American Express held out the possibility of reaching a new agreement on different terms and conditions.

American Express and Alleghany said they have now signed a definitive agreement providing for the merger of IDS and an American Express subsidiary. Significantly, the new agreement excludes MSL Industries.

Under the terms of the new deal, Alleghany will receive 11.5m American Express shares which, based on Monday's closing price of $37⅞ a share, would be worth $435.56m together with $837.7m in cash.

Although the total package is less expensive than the earlier proposal, it still values IDS at considerably more than its $450m book value.

However, American Express said it regarded the restructured deal as an improvement for three main reasons. First, "it enablas American Express to acquire only the asset it wanted, IDS, an asset which complements American Express's existing business." Second, it "involves substantially less American Express stock," and third "it is structured as an asset purchase rather than a pooling of interest."

Mr James Robinsoo, chairman and chief executive of American Express, said: "We are delighted IDS will become a member of American Express. The revised transaction is very good news for Alleghany, IDS and American Express." The agreement was also welcomed by Mr Fred Kirby, chairman and chief executive of Alleghany.

The deal, which is still subject to shareholder approval and various other conditions, but which is due to be completed early in January, marks a major move by the American Express group into the middle market for financial services.

IDS has a substantial sales force marketing a variety of insurance and annuity and investment products on a nationwide basis to middle-income families. The company is also the investment manager and principal underwriter for 14 publicly offered mutual funds and has total assets owned or under management of around $18.6bn at the end of the first quarter this year.

For American Express, the acquisition will represent a further substantial expansion of its financial services empire which already includes its card operations, travellers cheques, travel, insurance, brokerage through its Shearsoo American Express subsidiary and international hanking

Alcan UK bounces back into black

By Ian Rodger in London

BRITISH Alcan Aluminium surged back to profitability in the first half of 1983, mainly because of cost cutting and a successful rationalisation programme launched since the merger of Alcan Aluminium (UK) and British Aluminium last December.

However, the company, now wholly owned by Alcan Aluminium of Canada, is not considering reopening the primary smelter at Invergordon in Scotland, closed nearly two years ago by Baco, and has received no approaches from groups interested in rehabilitating the plant. Speculation on a reopening has mounted in recent weeks because of the sharp increase in world aluminium prices and emerging shortages of the metal in Europe.

Pre-tax profits of British Alcan reached £3.1m ($4.6m) in the first half of 1983 compared with combined losses of £16.9m from the two predecessor companies in the first half last year. Total losses of the two last year amounted to £90m, including £51.5m in rationalisation provisions. TI Gronp, which formerly held 58 per cent of Baco, also wrote off £36.3m from its balance sheet after the sale of Alcan.

Mr George Russell, managing director of British Alcan, said very little of the improved result could be attributed to higher metal prices because of the normal delays in passing these on to customers. Nor was there any increase in volume in the first half.

"The basic thing is the cost cutting," Mr Russell said. Employment had been cut from 14,500 a year ago in the two companies to about 11,000 and a number of operations had beeo closed or contracted. The annual rate of operating costs had been cut by about £40m, he estimated.

"We have plugged the leaks and cut out the rot," be said. "Everything we expected to do has been done and now there has to be a consolidation period." He acknowledged that the group's results would continue to improve in the second half, mainly because of price increases, but warned that there would continue to be "settling down" costs arising from the rationalisation.

Southern Pacific set to merge with Santa Fe

BY TERRY DODSWORTH IN NEW YORK

SANTA FE Industries and Southern Pacific, two leading U.S. railway and natural resource companies, are planning to merge io a deal involving total assets of around $10bn.

In a joint statement yesterday, the companies said that the amalgamation was necessary to maintain their competitive position. If the deal goes through, they will emerge with the third longest U.S. rail network, after Burlington and CSX, with about 25,000 miles.

The U.S. railway industry has been undergoing heavy rationalisation since the Government pushed through deregulation measures in 1980.

More recently, as the economy recovered, the leading companies have seen a steady rise in earnings from freight transport, following, substantial rationalisation and cost cutting.

Shares in the railway companies have also risen strongly, and both Southern Pacific and Santa Fe have been trading near their 12-month highs.

At Friday night's close they were valued at around a combined $5.2bn, a little under the value of joint assets, the shares slipped yesterday with Santa Fe down $2¼ at $32¾, and Southern Pacific down $2¼ at $37¾.

Southern Pacific shareholders, in particular, were objecting to the deal yesterday, on the grounds that they could see significant earnings dilution as they emerge with only 46 per cent of the new joint company.

The main opportunity for rationalisation of the two companies' rail networks lies in the routes from the South Pacific to central U.S., where Santa Fe has much more direct lines.

But the two groups also have substantial interests in the Gulf area, where they are expected to streamline and put resources into the more viable routes.

South Pacific also brings around $1bn in cash to the new entity, while both companies have real estate and natural resources activities which they believe will complement each other and give the new group more geographical diversity.

Poclain deficit mounts at midway

By David Marsh in Paris

POCLAIN, Europe's leading excavator manufacturer, is still suffering severely from the downturn in the world excavator market. Group net losses in the first half of 1983 rose to FFr 111.6m ($14m) from FFr 109.6m in the first half of last year on turnover down 10.6 per cent at FFr 1.41bn.

France's biggest construction equipment maker lost an overall FFr 282.8m last year and built an important capital restructuring on hopes of a progressive improvement in its fortunes this year.

But it said yesterday that hopes of a stabilisation in the world market in 1983 had so far not materialised, with international sales of hydraulic shovels falling 13 per cent in volume terms between the first halves of 1982 and 1983.

Indicating Poclain's worsened performance in spite of financial belt-tightening and large lay-offs, group operating losses more than doubled to FFr 93.1m in the first six months this year from FFr 45.7m in the same period of 1982.

Poclain pointed out that although turnover showed a big fall for both the parent company and the group compared with the first half of 1982, it was up slightly – by 2 per cent and 3 per cent respectively – compared with the second half last year.

It said the first half loss resulted essentially from falling sales volume and growing commercial efforts needed to maintain competitive pricing on markets coming under heavy pressure worldwide.

● Sanofi, the pharmaceuticals affiliate of the state controlled Elf-Aquitaine oil group, said yesterday that it intends to make a full bid for complete control of Choay S. A., a privately owned pharmaceuticals group.

Sanofi owns 45.7 per cent of Choay capital

Buitoni and Poulain consider plans to develop closer links

BY RUPERT CORNWELL IN ROME

IBP-Industrie Buitoni Perugina, the Italian foods group in which Mr Gaith Pharaon, the Saudi Arabian financier, holds a minority interest, is studying a possible commercial and financial agreement with Poulain Industries SA, the French confectionary manufacturer.

According to a statement issued by the Perugia-based concern, the talks, which are continuing could lead to "an alliance aimed at improving the competitiveness of both partners and increasing their investment capability in Italy and abroad."

This has been variously interpreted either as a hint at a possible shareholding by the French company in IBP, which is capitalised at L 37.4bn ($23m), or that the Italian company might be contemplating acquiriog a financial interest in Poulain.

Such a move would fit in with the developing structure of Buitoni. Sales this year are estimated up to L 1,000bn, of which almost half is likely to be generated abroad, by companies controlled by IBP's holding company in Paris, IBP-Europe. In addition, six of the Italian company's European manufacturing plants are in France.

IBP is itself 51 per cent owned by the Buitoni family, while Interedec, the company representing Mr Pharaon, has a 10 per cent holding. For some time the group has beeo conducting a substantial reorganisation of its ioterests, and Perugina SpA, its confectionery division, was hived off from the pareot group in 1982 and given a full listing oo the Milan bourse.

Poulain, which is also a family-controlled company, is capitalised at FFr 25m ($3.1m). Its annual turnover is in excess of FFr 600m and the company employs 870 people.

● Alitalia, Italy's state airline, yesterday announced an improvement both in turnover and operating results in the first half of 1983, despite a decline of 3.2 per cent in traffic carried because of the general worldwide recession.

Turnover rose by 14.5 per cent during the period to L 1,088bo ($880m). Operating results, the airline said, were "significantly" better, notwithstanding the sharp increase in dollar costs, following the recent strength of the U.S. dollar.

The company, which is almost entirely owned by Istituto per la Ricostruzione Industriale (IRI), the Italian state holding company, is also planning to carry out a further capital increase, from L 210.6bn to L 280.8bn before the end of this year. The issue will comprise 260m new shares, each with a oominal value of L 270.

Degussa buys out Asta-Werke minority

BY JOHN DAVIES IN FRANKFURT

DEGUSSA, the West German precious metals and chemicals group, is strengthening its stake in pharmaceuticals by boosting its majority shareholding in Asta-Werke to full ownership.

The Frankfurt-based group acquired a 67.1 per cent stake in Asta in 1978 and is buying the remaining shares still held by members of the Kipper family.

Asta, based at Bielefeld, has 750 employees and achieved sales of DM 120.4m ($45.6m) in the financial year to September 30 last year. One of its main activities is tumour therapy.

Degussa said that Asta's results – which it described several years ago as unsatisfactory – had continued to improve and should allow Asta to resume a dividend payment for this year.

It said that the latest move was evidence of Degussa's intention to increase its commitment to the group's pharmaceutical operations.

The major share of Degussa's revenues comes from its metals operations, involving gold, silver, platinum and palladium. Metals produced nearly two thirds of the group's world wide revenue of DM 8.9bn in 1981-82.

The remaining third of group revenue was accounted for by chemicals and related products.

Asta contributed 37 per cent of Degussa's pharmaceuticals revenoe of DM 325m, which accounted for less than 4 per cent of total revenue.

Degussa said that the initial purchase of a majority in Asta was a step towards building up pharmaceutical interests in Germany and abroad.

Crocker forms Pacific trading unit

By Our Financial Staff

CROCKER NATIONAL, the San Francisco bank of which Midland Bank of the UK owns 57 per cent, has formed a wholly owned subsidiary to specialise in trade between the U.S. and countries of the Pacific basin, particularly China.

The company, Crocker Pacific Trade Corporation, will be based in San Francisco and plans to open offices in Peking and Shanghai. Mr James M Medanich, previously an executive with Fluor, the U.S. engineering, construction aod resources company, will be president.

The new subsidiary will assist U.S. capital goods manufacturers and engineering companies to develop export markets in the Far East and will act as a merchant lo industrial supplies and other specialised merchandise oo the import side.

Renault on new funding route

BY PAUL BETTS IN PARIS

RENAULT, the large French state car group, is to raise additional capital to help to fund its FFr 9.5bn ($1.18bn) investment programme this year by floating today its first issue of "participatory certificates."

The group said yesterday that it would today disclose the amount it plans to raise through these new instruments.

Participatory certificates are non-voting loan stock that nationalised companies can raise on the French bourse. This instrument was introduced to enable state companies to raise funds on the capital market while the French Government is finding it increasingly difficult to meet its funding commitments for state industrial groups.

The certificates offer investors attractive tax concessions and interest rates to encourage them to invest in state companies.

Renault's issue follows a FFr 1bn issue of certificates by Compagnie Générale d'Electricité (CGE), the nationalised electronics cooglomerate which has just reached a landmark industrial assets exchange agreement with Thomson, France's other leading state electronics group.

Renault, which lost FFr 1.28bn last year, is seeking government support to cover about 15 per cent of its 1983 investment spending of FFr 9.5bn. The company, however, appears to need to raise additional funds through the new certificates to maintain its high level of investment spending while demand in the French car market is low.

French car manufacturers have been worried by the outlook for the domestic market for the rest of this year, fearing that the impact of the French Government's austerity measures would begin to affect domestic sales. Moreover, foreign makers have continued to maintain a strong share of the French market.

Meanwhile, the Peugeot group, France's private, financially troubled car maker, declined to comment yesterday on reports of an imminent top management reshuffle or reorganisation in the group. The reports suggest that M Jacques Calvet, the Peugeot group's deputy chairman, may have his powers increased to act as co-chairman with M Jean-Paul Parayre, the current chairman.

Flying Tiger plans to halve shipments

By our Financial Staff

FLYING TIGER line, the world's largest scheduled air cargo carrier, will cut by nearly half its air-cargo shipments between the U.S. and Europe as part of a plan to expand operations in the more profitable Asian air-cargo market.

The Tiger International unit, which is negotiating with lenders to restructure about $600m in debt, said it would reduce to 13 from 23 the number of weekly cargo shipments across the North Atlantic, beginning next month.

The company said its aim was to avoid the "destructively" low yields on cargo shipments on those runs and to return Flying Tiger to profitability in Europe.

Scheduled flights into France, Switzerland, the Benelux countries and Italy will be discontinued and replaces by an expanded network of trucks, which will shuttle cargo to Flying Tiger's air cargo "hubs" in London and Frankfurt, the company said.

Flying Tiger said the planes used for the 10 flights removed from the European schedule would be transferred in Asian markets and other parts of the world.

The company said it was operating 43 trans-Pacific flights a week, which is an increase on August when it made 32 weekly flights between the U.S. and Asia.

Daon suffers C$53.4m loss in nine months

By Nicholas Hirst in Toronto

DAON Development Corporation, the troubled Vancouver-based property group, which has agreed in principle a financial restructuring plan with its main bankers, made a loss of C$53.4m ($43.3m) in the nine months to July 31 against a loss of C$40.3m.

In a circular to shareholders yesterday Daon said its outstanding debt was C$1.9bn, including C$1.36bn project loans secured by properties.

Under the restructuring plan, between August 1982 and October 1986 interest payments to bankers and debenture holders are to be paid by issuing new common shares. Some principal repayments are also to be satisfied by issuing new shares, and payments due at October 31, 1986 are to be rescheduled.

Daon estimates that its total shares outstanding in 1986 could be about 166.5m, compared with 36.5m now. Provided the financial restructuring plan is agreed at creditors' meetings in Vancouver in mid-October, Daon intends to raise C$165m through a rights issue financed outside Canada.

The company's largest lenders are Canada's big five chartered banks.

Heinz aims to boost sales to Third World

BY OUR FINANCIAL STAFF

PITTSBURGH – H. J. Heinz, the major food products group, is aiming to lift its sales to the Third World more than tenfold to $1bn by 1990 and to expand its activities in developing countries.

Last year Heinz paid $13.5m to become the first foreign investor in Zimbabwe with the purchase of 51 per cent of Olivine Industries, a cooking oil and margarine producer with $60m annual sales.

Acquisitions in two other African states are pending and possible deals are being sought in the Far East.

Currently the group's business only reaches 15 per cent of the world's population, Mr J. F. O'Reilly, company president, pointed out. Though its target is viewed with scepticism by some in the food industry, Heinz believes that higher living standards in the Third World will boost demend for Western-style foods such as its famous ketchup.

So far the company bas pursued a conservative investment policy, seeking joint ventures with established Third World business, that offer significantly higher return than the average 26 per ceot pre-tax return achieved by the group in fiscal 1983. AP-DJ

Norwegian banks ahead

BY FAY GJESTER IN OSLO

TWO OF Norway's "big three" commercial banks have reported profits sharply up in the first eight months of 1983, compared with the same period last year, mainly because of higher net interest income.

Christianin Bank achieved operating profits, before provision for bad debts, of NKr 323m ($44.2m) – NKr 135m more than in the eight months to August, 1982. Assets rose to NKr 31.4bn – 7.4 per cent up on a year earlier.

Net interest income rose to 3.78 per cent of average total assets, from 3.09 per cent.

Operating profits of Bergen Bank, before bad debt provisions, reached NKr 237m – NKr 95m up on a year earlier – and the figure for the year as a whole is expected to be between NKr 350m and NKr 400m, against NKr 254m for 1982.

Net interest income rose nearly 35 per cent to NKr 530m, representing 3.4 per cent of average total assets (2.78 per cent a year earlier).

Heller in move on liquidation

By Paul Taylor in New York

Walter E. Heller International, the Chicago-based banking and commercial finance group, is to seek shareholder approval for a plan which would liquidate the company.

The move, which was widely expected, follows Heller's agreements to sell its commercial finance units to Fuji Bank and its banking unit, American National, to First Chicago.

Walter E. Heller said yesterday tht its board had approved a plan which would call for the dissolution of the company.

BHP profit jumps by 50% in first quarter

By Michael Thompson-Noel in Melbourne

A TURNROUND in its steel division, plus still higber profits from oil and gas, accounted for a dramatic 50.3 per cent improvement in first-quarter profits at Broken Hill Proprietary (BHP), Australia's largest company. Group net profit for the quarter to August 31 1983 was A$123.3m (US$109.7m) against A$82m in the first quarter last year.

The hefty uplift in profits caps a good run for BHP. The chairman, Sir James McNeill, warned yesterday that a single quarter was unlikely to be representative of a full year's trading. Nevertheless, analysts are tipping a 1983-84 net profit approaching A$500m, against one of A$253m in 1982-83.

Profit before depreciation, interest expenses and tax was A$346.9m, against A$265.2m in the first quarter last year.

The group's steel division has made an abropt recovery, with a first quarter net profit of A$10.6m against a loss of A$3.8m previously. The steel workforce was cut by 28 per cent in the year to May 31, while the Government recently announced a A$100m a year steel industry support package.

However, Sir James said there was "uncertainty" over future Government policies, and "understandable concern" over the possible introdnction of a resources rent tax in Australia.

He said the proposed tax could deter high risk exploration investment, but told yesterday's annual meeting in Melbourne that in 1983-84, BHP would spend a record A$140m plus on prospecting and research and development—including more than (A$90m on Australian and foreign oil prospecting.

Sir James said plans for financing the acquisition of *Utah International from* General Electric of the U.S. were well advanced, and said BHP had no present intention of making a share issue.

He repeated his criticism of Mr Robert Holmes à Court's current share swap offer for BHP shares via Wigmores.

Last week, Mr Holmes à Court raised the terms of his bid to A$12.40 per BHP share, plus a free share option.

"We believe it would be unfortunate if schemes of the sort adopted by Wigmores were allowed to take the place of proper, orderly, conventional approaches to investors for capital," said Sir James.

● A shareholder urged yesterday's meeting to vote Mr Holmes à Court onto the BHP board, as chief executive, at an annual salary of A$1m. The motion was not accepted by Sir James.

Terry Povey and Yoko Shibata on the pharmaceutical turmoil in Japan

Scandals rock drug groups

JAPAN'S DRUG industry is in a sorry state. It is reeling under the impact of the latest (and the most serious) in a series of scandals. Almost a dozen people are under arrest on charges of stealing competitors' drug specifications. At the same time it is having to cope with intensified competition for market share and on prices following moves by the country's *Ministry of Health and Welfare* (MHW) aimed at rationalising the industry.

The size of the Japanese drug market, on a per capita basis is enormous—annual spending per head of $95 is the highest in the world. At around Y4,000bn ($17.3bn) it is the second largest market in the world after the U.S. Yet the domestic industry is highly fragmented (among some 1,366 manufacturers last year according to the MHW).

Unlike other sectors of Japanese industry, pharmaceuticals have not seen the growth of great industrial concentrations despite the size of the market. The top ten companies control only 35 per cent of the ethical drug market while the largest company, Takeda, had only a 5.4 per cent share in fiscal 1981.

The key sector of the market has for some time been antibiotics. Other leading categories, such as vitamins and central nervous system agents, have declined in ranking and only doubled in consumption over the decade 1970/71 to 1980/81, bnt antibiotics consumption leapt up almost five-fold in the same period. A similar rate of increase has taken circulatory drugs up from sixth to second place. Last year antibiotics accounted for about 23 per cent of all drug sales in Japan and there is extremely keen competition to stay ahead in this field above all others.

In an attempt to rationalise—that is, reduce—the number of manufacturers and to cut the state's annual drugs bill, the MHW earlier this year reduced the reimbursement rate on ethical drugs by 4.9 per cent. In June 1981 it had cut this rate by 18.6 per cent. However, the Ministry also introduced a differential rate favouring new drugs developed and marketed by the same company.

The MHW has also given the producers of new drugs greater protection against imitation by extending the patent period to six years from first marketing.

These changes in the reimbursement system have already taken a toll within the industry. Banyu Pharmaceutical e medium sized drug manufacturer (ranked 17th by market share in 1981/2) was taken over by Merck of the U.S. earlier this year. A smaller concern, Torii Yakuhin, also came under Merck'e control a little later. A number of the smaller companies are soon expected to face e choice between merging or being forced out of business.

Star performer

It is under these intensely competitive circumstances that there have been a series of alleged thefts of new drug details and accusations of imitation.

By far the most serious of the cases that have come to light is that involving Fujisawa, ranked third by market share in 1981-82. The company has been a star performer, responsible for many successful prodncts. The arrest of its managing director, Mr Mutsuya Ajisawa yesterday will further shock an industry already bowed by the detention of five Fujisawa executives.

The Fujisawa case came to light when an official from the National Health Institute, which acts as MHW's drug watch-dog, was arrested and charged with allowing the company to manufacture drugs that had not been through all the tests prescribed by the ministry. Among those detained are the deputy manager of the company's Tokyo office and a senior member of its research and development team. The president of Fujisawa has consistently denied any direct involvement by the company.

In a second current scandal the president and another senior executive of the smaller Teisan Pharmaceutical company are in jail awaiting trial on a charge of bribing an NHI official to obtain a copy of the application for a manufacturing licence for Prostandin, a new drug, developed by Ono Pharmaceutical.

This case has seen the most serious allegations against an MHW official, with the arrest of Mr Akira Ejima, head of the drug division of the NHI and a member of the Central Drug Committee. He is charged with accepting Y1.7bn from Teisan for information on Prostandin, which is used to combat the hardening of the arteries.

Earlier this year Meiji Seika, e leading confectionery and drug manufacturer, was the subject of an MHW investigation into the alleged falsification of clinical test data on an enzyme digestive product. At one point in mid-March the company'e share value collapsed to Y18 from Y542 following reports of the ministry'e move.

Even more dramatically, Nippon Chemiphar was banned in December last year from either marketing or manufacturing any of its products for 80 days. The ban, an administrative punishment meted out by the MHW egainst the company for falsifying test data in order to obtain approval for the *marketing of a number of drugs*. As a result the company is forecasting a heavy loss for the current financial year.

Development costs

Another factor affecting the drug companies is the sheer cost of new product development and the long delays before drugs can be marketed. Yamanouchi's successful wide spectrum antibiotic Cefetetan took 11½ years to develop and market at a cost of Y6.6bn.

Many manufacturers eppear to be counting on recouping much of their heavy research and development spending through the launch of one or two best selling products. Wide spectrum antibiotics are e favourite area, and some companies already reap 80 per cent of their pre-tax *earnings from* such sales.

For all the 80 or so drug companies that can be called majors in a sector dominated by relatively small manufacturers, the news of the scandals at Fujisawe and Teisan will be unlikely to halt the competitive drive. *Many* must now be looking for some means of boosting their market share and the ministry has apparently pointed the way towards mergers. Firm action towards those now arrested will serve to underline this official determination.

Canon well on way to record year

By Yoko Shibata in Tokyo

CANON, the Japanese manufacturer of cameras, which has developed into an integrated office automation equipment manufacturer, lifted net profits by 74.3 per cent to Y13.0bn ($54.6m) in the half year to June on group sales (under the SEC accounting formula of the U.S.) up by 12.2 per cent to Y307.9bn. Half-year net profits per share a dvanced to Y26.5 from Y18.4 in the same period of the previous year.

The parent company contributed pre-tax profits of Y14.8bn, up by 13.9 per cent; net profits of Y7.3bn up by 2 per cent; and sales of Y171.4bn up by 17.8 per cent.

The rise in group earnings came mainly from good performances by the U.S. and UK subsidiaries and overseas sales accounted for 70.6 per cent of the total, up by 11.2 per cent.

Sales of office automation equipment accounting for 54.1 per cent of the total in the period, surpassing sales of cameras which accounted for 37.8 per cent.

Full year group net profits are expected to reach a record Y30bn, up by 36.3 per cent, on full year sales of Y650bn, up by 12 per cent.

Reprieve for Philippines car makers

By Emilia Tagaza in Manila

THE five car manufacturers in the Philippines and their foreign partners have all been assured of continued operations in the country for at least another three years.

The Government last month ordered a reduction in the number of participants in the Progressive Car Manufacturing Programme (PCMCP) from five to two and the Board of Investments (BOI) asked the companies to bid for the two remaining slots. However, the manufacturers resisted the bidding requirements as too stiff. They instead proposed a three-year competition period in which the two winners would be chosen through e process of elimination.

Over the weekend, Trade and Industry Minister Mr Roberto Ongpin, who is also the BOI chairman, said the Government had agreed to the proposal that the companies with the highest net foreign exchange earnings remain in the game.

Mr Ongpin said the Government had agreed to the proposal that the companies' foreign exchange allocation for their imports of knocked down part kits (KDs) be gradually reduced until they came to a point when earnings from exports of parts are sufficient to cover imports.

The manufacturers said their scheme calls for the reduction of their dollar allocations starting next year, which will be only 75 per cent of this year's total of about US$100m. By 1985 this will be reduced to half and by 1978 the industry is expected to be self-sufficient in foreign exchange.

Mr Ongpin also said that starting next year, the Government will control the domestic prices of car, pegging them to the prices prevailing in Japan for similar models.

United Motor Works attacks as marketplace challenges mount

BY WONG SULONG IN KUALA LUMPUR

Mr Eric Chia, chief executive of United Motor Works, of Malaysia, which last year took over the Toyota cars franchise in the country, and is fighting to meet the cost in the face of Government plans to produce a national car. At the same time, it is involved in an even fiercer fight in the tractors market

YOU HAVE just paid U.S.$45m for a car assembly and distribution franchise, only to discover you have three years to recover the cost, because the Government is to build a national car. Would you launch into a bitter price war with your chief rival that results in the barest of profit margins?

That is what Mr Eric Chia, chief executive of United Motor Works did after the company replaced Inchcape Berhad as the franchise holder for Toyota cars in Malaysia a year ago.

Fierce fighting is not new to Eric Chia, 50, and a burly six-footer. He built UMW, from his father's small spare parts dealership in Singapore into one of Malaysia's biggest industrial groups through aggressive salesmanship, and he is always game for battle.

Right now, UMW is not only engaged in a "gung-ho" battle in the car industry, but is also locked in bitter combat in the heavy equipment sector with Tractors Malaysia a subsidiary of Sime Darby, the diversified, plantations, industrial and financial group, and long acknowledged as the leader in the field. "Let it be a bloody day today so that we can have peace and mutual respect in future" is how Eric Chia describes his car and tractor wars.

So far, UMW's campaign to dethrone Tan Chong Motors, the agent for Nissan's Datsun cars, as the top car distributor in Malaysia has been inconclusive, but the costs have been heavy for both sides.

The Toyota Corolla has replaced the Datsun Sunny as the best-selling car in the 1300 cc range, but Tan Chong still leads as the biggest distributor in Malaysia, because of its wider model range.

For the six months ended June, UMW's car division recorded a turnover of 312m ringgit (U.S.$134m), but made a pre-tax profit of only 1.7m ringgit.

Tan Chong has not yet released its half-year results, but the price war is believed to have eaten severely into its profits too.

Eric Chia is undaunted by the fact that local car assemblers producing 1,300 to 1,600 cc vehicles, like UMW, Tan Chong and Oriental Holdings (Honda cars), face a bleak future with the first made-in-Malaysia car hitting the road two years from now.

The 660m ringgit national car project is 70 per cent owned by Hicom, the Government's heavy industries corporation, the rest by the Mitsubishi group of Japan. It has a target of 80,000 cars by 1987 and 120,000 by 1990.

"We need only two good years to recover our investment," says Eric Chia. He notes that since UMW took over, productivity at the assembly plant has improved by 60 per cent, with a slightly lower workforce.

Before UMW took over, the assembly plant was losing between 6m and 8m ringgit a year, and was being subsidised by profits on car sales. Now, it has turned around, and is making some half-million ringgit a month. With a larger market share, and a more aggressive sales force, UMW expects its car division to turn in much better earnings when it introduces a new 1,300 cc model next month.

Beyond 1985, when production of the Malaysian car gains momentum, UMW expects to continue to be involved in the car industry in one form or another.

Competition in the tractors business has attracted less publicity than the car wars, but is even fiercer. Here, the contending parties are fighting in a market that has been depressed by the slowdown in Government development and the sluggish timber market, and has contracted.

The intense competition has already claimed one victim. United Engineers Malaysia has incurred such heavy losses over the past two years that its has suspended its trading on the Koala Lumpur Stock Exchange and brought in a merchant bank to advise on a rescue operation.

Tractors Malaysia, UMW and United Engineers miscalculated on there being a sharp revival in the timber industry, and ordered heavy stocks. When the expected overseas demand for timber failed to materialise late last year, all three began dumping their machines at bargain prices. There was also a high rate of repossessions as timber operators could not meet their instalment payments.

For the year ended June, Tractors Malaysia reported its first ever loss of 11.3m ringgit, compared with a profit of 40.3m ringgit the year before.

UMW has done better, reporting a pre-tax profit of 9.2m ringgit on sales of 288m ringgit on its tractors and engineering business for its first-half to June. But this profit was a good 40 per cent lower than that of the first half the previous year.

UMW now claims it has, for the first time overtaken Tractors Malaysia in the heavy construction equipment business. In 1982, the companies were running neck and neck, each with about 48 per cent of the market. For the first six months this year, UMW says it has gained 55 per cent of the market, with Tractors holding the rest.

Since both Tractors and UMW get their machines from Japan (Caterpillar of the U.S. and Komatsu tractors, respectively), there is little advantage in the price, and the competition is largely one of salesmanship and service. Caterpillar has a joint venture in Japan with Mitsubishi Heavy Industries.

It is felt in the industry that Tractors Malyasia has a more conservative, British-style management, while UMW has a more aggressive, Japanese approach. UMW directors make many, many visits to their Japanese and American principals, to clients—even in the remote jungle—and to UMW offices.

Eric Chia spends seven months a year away from his imposing headquarters at the industrial city of Shah Alam, near Kuala Lumpur. Flying a Beechcraft B200, he makes twice weekly trips to East Malaysia, clinching deals with timbermen, laying the public relations groundwork with managers, and meeting supervisors

"Each time, I normally spend three or four days in Japan covering two principals. You cannot spend a mooth covering all of them. No Japanese boss likes to meet his agent after he knows the guy has already been in Tokyo for two weeks before calling on him."

Looking beyond five years, UMW hopes to build itself into a major South East Asian industrial group. The five Asean countries, Indonesia, Malaysia, the Philipnines, Singapore and Thailand, remain one of the most promising regions for heavy construction equipment.

UMW is having exploratory discussions with various Japanese, American and German groups on the prospects of their joining with UMW to manufacture heavy equipment in Malaysia for the South East Asian, and Asian, market.

Another area of diversification is the servicing of aircraft engines. The Government has indicated that it is likely to award UMW the franchise to service its military aircraft engines. This service could later be extended to cover all other Malaysian planes.

NEI ahead by £2.1m to top £20m at six months

A £2.1m increase in pre-tax profits to £20.15m is reported by Northern Engineering Industries for the first half of 1983. Turnover for the period was ahead from £405m to £413m.

Higher tax of £6.05m (£5.23m) and minorities of £1.81m (£1.29m) meant that earnings per 25p share, of this manufacturer of electrical and mechanical equipment, were down from 5.21p to 3.53p. The interim dividend, however, is lifted from 1.5p to 1.65p net. Last year's total payment was 4.75p from profits of £39.57m.

There were extraordinary debits this time of £1.99m (£638,000) comprising rationalisation costs of £1.65m and a deficit on the disposal of assets and redemption.

The directors say that although there is little growth in the world economy, the group faces the future with confidence and will take full advantage of any upturn.

In terms of the company's business, there are, as yet, no signs of any upturn in the UK economy but it is extending its activities in export markets. In this the group has been successful in achieving a substantial increase in export orders.

As part of the campaign to remain competitive, strenuous efforts continue to be made to reduce costs by cutting overheads and by continuing high investment.

Overseas operations have maintained their position, in spite of difficult economic conditions worldwide. NEI Africa continues to do well and has reported improved results for the first half.

The North American companies still face difficult economic conditions including the effect of the adverse exchange rates in their export markets.

Extel in the U.S. is on target with its new range of telecommunication equipment, and the next few months will measure its success.

The opportunity has recently been taken to acquire the minority interest in Transtel (UK) which has made progress in marketing its range of equipment in this field under the liberalisation policy adopted by British Telecom.

See Lex

John S. Golfar, chairman, London and Continental Advertising in front of a poster which measures 200 ft by 100 ft and weighs around a ton (see page 26).

Higher losses at Nimslo but recovery is foreseen

FOR THE first half of 1983, attributable losses of Nimslo International, the photographic system developer quoted on the USM, rose from U.S.$9.49m (£6.31m) to U.S.$11.77m (£7.83m).

However, the directors say the outlook for the second half is much improved. They expect to report a modest profit for the period, taking into account the sale of shares in Berkey Photo Inc.

There is again no interim dividend. Turnover at mid-term totalled $11.16m ($5.5m) and operating losses fell from $10.67m to $7.31m.

This was before depreciation of $651,000 ($350,000) interest payable of $322,000 ($1.53m received) and extraordinary debits of $3.29m (nil). The loss per 20 cent share is stated at 11 (9) cents.

The directors explain that the first half loss is the continuation of the effect of the severe camera manufacturing shortfall in 1982, but third quarter operating activities, for both the amateur and professional businesses, are virtually complete and are meeting forecast levels.

With the increasing positive seasonal impact of the fourth quarter on operating businesses, no further losses are expected during 1983.

In the amateur segment of the business, first half performance is a reflection of several factors.

There were higher photofinishing unit costs than originally projected, as a result of fewer cameras being shipped and retailed to consumers because of camera manufacturing difficulties in 1982.

Also taken into account were marketing expenses in support of worldwide expansion and new product introductions, and product repositioning in a highly competitive and recessionary photographic market.

The company has appointed seven distributors covering 30 countries.

In the professional sector, sales and operating income continue to exceed projections. Revenues for the first six months are up by 47 per cent. Full year projections forecast a sales increase of 35 per cent with a net operating profit rise of 138 per cent.

The company's professional business in total continues to offer excellent opportunities and increasing profits.

Plans are in progress to accelerate and expand the company's 3-dimensional activities in the professional arena.

A fully integrated 3-dimensional professional camera system and high speed portrait package printer is in the design stage, with production plans being finalised. Additionally, international expansion and other business opportunities are being examined carefully.

There were several items during the first half which are considered to be extraordinary and non-recurring.

Severance and redundancy costs were $500,000, write-off of leasehold improvements $486,000 and on excess inventory of perishable processing materials and excess purchase commitments to various vendors, as a result of fewer cameras being manufactured and sold in 1982, have contributed an incremental loss of $1.725m. There was also a one-time write-off of $594,000.

The directors conclude that 3-dimensional imaging technology continues to progress with growing benefits to future profits.

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Arncliffe	int.	1.12	Nov. 11	1.12	—	2.68
Baltic Leasing		1.87‡	—	—	1.87	—
Biddle Holdings	int.	2.4	Nov. 10	2.4	—	10
Brent Chemicals	int.	0.6	—	0.6	—	3.5
Combined English	int.	1.49	Nov. 23	1.49	—	1.52
Estates & General	int.	0.7	Nov. 16	0.7	—	1.9
Hoskins & Horten	int.	2.5	Nov. 4	2	—	6
IDC Group	int.	1.61	Nov. 10	1.46	—	6.12
Inchcape	int.	7.15	Jan. 3	7.15	—	18.15
Ingall Industries		2.05	Jan. 3	1.88	3.93	2.75
Jenks & Cattell	int.	1	Nov. 3	0.5	—	1.51
NEI	int.	1.65	—	1.5	—	4.75
Octopus	int.	3	Oct. 31	—	—	—
Ramar Textiles		1	Dec. 7	0.63	1	0.63
Scottish & Mercantile		5.7	Nov. 2	4.4	7.7	6.9
Spring Ram	int.	1p‡	Jan. 12	—	—	—
Watmoughs	int.	1.7	Nov. 7	1.42*	—	5.21*
James Wilkes	int.	1.5	Nov. 4	1.5	—	4.31

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § For 17 months.

Good second half lifts Baltic Leasing to £2.21m

A SECOND six months' contribution of £1.39m enabled the Baltic Leasing Group to return profits of £2.21m pre-tax for the full year to July 31 1983. This compares with last May's revised forecast of not less than £1.9m and £394,000 for the previous year.

The group's improved performance was due to a continued control of overheads and an increase in resources available following its placing on the Unlisted Securities Market towards the end of last year.

The directors say this increase, and that following the acquisition of West Coast, has enabled the group to continue to expand its portfolio of leased assets.

They add that in addition, the trend for financial analysts and investors to focus more attention to the actual post-tax earnings of a business has resulted in an increased demand for the services that the group has traditionally offered its customers.

Turnover for the year expanded from £4.49m to £7.79m. Tax took £92,000 (nil) and earnings per 5p share came through at 21.9p, against 5.3p previously.

As forecast, a dividend of 1.87p is being paid. The directors are confident that the current year will see a continuation of the group's growth.

● comment

Baltic Leasing has comfortably beaten its own forecasts with a near six-fold increase in pre-tax profits and a tripling of margins to over 28 per cent of turnover. And this is with only one month's use of the £5m raised from the disposal of West Coast's investments. Baltic's revenue come from two sources: fees for arranging and managing leases on behalf of third parties, and rentals from its own leasing portfolio. The former has particularly benefited from a surge in companies seeking to maximise capital allowances offered in enterprise zones. Meanwhile, the City's growing emphasis on actual rather than notional post-tax earnings has led many companies to turn to leasing and Baltic to help improve their tax efficiency. The group's own portfolio has yet to show the full benefits of the West Coast cash, which leaves net assets at £9.75m and allows Baltic to follow opportunities denied to it a year ago when its capital resources were a quarter of the present size. Now Baltic is left with the question of whether its huge rate of expansion demands a further increase in staff numbers. The share option scheme should go some of the way in attracting people of the right calibre as well as rewarding the present team. The figures were no surprise, so the shares only rose 1p to 256p, against last December's placing price of 108p. On an actual tax basis, the historic p/e is 11.6.

British Alcan in the black at halftime

British Alcan Aluminium, the company formed last December following the acquisition of British Aluminium (Baco) by Alcan Aluminium (UK), has reported a pre-tax profit of £3.1m in the first half of 1983 on turnover of £266.4m.

Alcan alone had a loss of £13.2m on turnover of £156m in the first half of last year.

At the same time, the annual accounts for 1982 of British Alcan, which is now wholly owned by Alcan Aluminium of Canada, have been published. These include the results of Baco as from December 1.

On turnover of £317.4m, the group had a net loss in 1982 of £30.2m before a provision of £51.5m for rationalisation following the merger. The 1981 loss was £26.1m.

The balance sheet of the combined group at December 31, 1982 shows total assets of £396.6m and fixed assets of £269.9m following a revaluation of the Baco assets by £47.1m.

Net borrowings stood at £245.8m and shareholders' equity was £124.4m.

Marginal rise for Inchcape at midway

TAXABLE PROFITS of international merchanting group, Inchcape, rose marginally from £24.35m to £24.51m in the first half of 1983, while turnover edged ahead from £834.06m to £839.64m.

The board points out that profits before tax were approximately £1m more than if the sterling translation had been made at exchange rates ruling on December 31 1982.

Better results from UK and Indian operations in the period were offset by reductions in Australia and the South Pacific, the Far East, the Middle East and the Americas.

Although generally there is optimism about worldwide trading conditions, the board says this has yet to be reflected in some of the markets in which the group operates.

Inchcape has, however, benefited from the improvement in UK motor sales.

The net interim dividend is unchanged at 7.15p per £1 share —last year a total of 18.15p was paid on pre-tax profits of £50.34m.

Half-time earnings per share improved by 0.6p to 12.3p. The tax charge amounted to £11.87m (£12.36m), minorities took £2.12m (£1.97m) and after preference dividends of £66,000 (same) attributable profits were ahead from £9.94m to £10.45m.

There were also extraordinary debits for the period of £3m (nil).

See Lex

Octopus Publishing ahead to £2.2m at six months

A RISE in pre-tax profits from £1.97m to £2.24m has been shown by Octopus Publishing Group, in its first set of results since it gained full listing in April. Turnover for the six months to the end of June 1983 expanded from £12.45m to £13.03m.

Sales to date and the high level of confirmed orders give the directors every confidence in a successful outcome for this year.

Along with the interim results Habitat Mothercare and Octopus announce the formation of a new publishing company to be known as Conran Octopus, which will concentrate on publications on various aspects of modern living. The first titles are planned to appear before the end of 1984.

The company will be owned equally by Octopus and Habitat who have each agreed to subscribe for 230,000 voting shares of £1 each and, in addition, a further 40,000 non-voting shares of £1 each will be available for issue to executives under option arrangements.

Commenting on the arrangement, Sir Terence Conran, chairman of Habitat Mothercare, said it gave an opportunity to communicate a philosophy of good design effectively. Mr Paul Hamlyn, chairman of Octopus, said the venture would combine financial strength and marketing skills in a new publishing business.

The first dividend has been recommended at 3p. Earnings per 20p share are shown at 12.5p (12.7p) undiluted and 8.6p (8.8p) fully diluted.

Pre-tax profits included net investment income of £393,000 (£335,000). Tax rose from £575,000 to £878,000. There was an extraordinary debit of £275,000 this time which was the cost of the public issue.

Brent Chemicals rises to £1.9m

FIRST-HALF 1983 taxable profits of Brent Chemicals International increased from £1.63m to £1.92m, on sales £1.76m higher at £27.73m. At the annual meeting in May, the chairman had reported that first quarter earnings were up on last year and ahead of target.

Interest charges for the six months decreased from £372,000 to £200,000, but tax rose to £617,000, against £625,000. Earnings per 10p share came out marginally higher at 2.6p (2.5p) and the interim dividend is unchanged at 0.6p net — last year's total payment was 2.5p on £3.28m pre-tax profits.

Minorities at halfway took £59,000 (£52,000) and there was an extraordinary debit this time of £290,000, against a £147,000 credit last time. The 1983 item represented estimated costs, net of tax relief, associated with the significant reorganisation of Pascalis SA.

During the period, Brent Chemicals Corporation returned to a modest profit level, which was more than sufficient to cover interest charges associated with the acquisition of underlying business.

The merger of Reddish Savilles business was completed at the end of 1982 and the combined company, Reddish Savilles, based at Cheadle Hulme, made a satisfactory start in its new form.

The costs of the merger have been fully written off against earnings in the period. Commercial benefits of this integration, together with related cost savings, will begin to be felt from now on, the directors state.

Swale Chemicals marketing and manufacturing companies are being combined at the Darlington site and the premises at Thornton Heath will be disposed of. The directors say Swale Chemicals had a remarkably good first half, exceeding all previous records.

This business sector, including its overseas operations in Europe and South Africa, although not yet large, is expected to become an increasingly important contributor to the group's progress over the next few years.

The Ardrox and metal finishing divisions made slight headway in generally unfavourable conditions and no significant engineering systems contracts were completed during the period.

The group's financial position remains strong. Net borrowings at June 30 1983 represented 20.5 per cent of shareholders' equity and are expected to continue to decrease.

The company continues to emphasise product development marketing.

● comment

A high-flyer of the seventies, Brent took on a decidedly "ex-growth" look when entering the eighties. Attempts to buy profits in the States ended up with a lot of red numbers coming back across the Atlantic last year. Still everyone, outside the group at least, seemed convinced that 1983 would see some of the old sparkle back with a U.S. recovery underpinning a profits rise to between £4½m to £5m. Yesterday's interim leaves even the cautious forecasts looking too ambitious and the shares fell 13p to 96p. Actually the U.S. recovery is coming through as anticipated. Brent Chemicals Corporation made a small profit against a loss of nearly £200,000 in the first half of 1982. For the full year BCC lost almost £700,000. Clearly apart from the turnround in the States there is precious little profits growth elsewhere and that will probably be the pattern for the second half. So 1983 profits are unlikely to be much more than £4m indicating a fully taxed p/e of over 20. Investors will need to feel sure that 1984 promises a resumption of growth if the rating is to be sustained. Meantime the final payout will probably be increased a shade lifting the historic yield of 3.7 per cent.

Estates and General lower at halfway

Group pre-tax profits of Estates and General Investments fell from £801,000 to £382,000 during the first six months of 1983.

Rental income for the period to June 30 rose by 11 per cent to £921,000 against £828,000. Property development income totalled £1.04m (£768,000) while investment property sales were £673,000 (£1.3m).

The pre-tax result was struck after interest payable of £791,000 (£883,000).

The interim dividend is unchanged at 0.7p net per 20p stock unit. Last year's total was 1.9p, with a final of 1.2p, from taxable profits of £1.03m.

Overall, the directors consider the results to be satisfactory in a difficult market, particularly as last year's interim figures reflected a large exceptional profit on the sale of a short leasehold investment property.

Net profits for the first half were £280,000 (£499,000) after tax of £100,000 (£300,000). The attributable surplus was £275,651 (£494,651).

NatWest Bank

The National Westminster Bank has changed the name of its U.S. subsidiary, National Bank of North America, to National Westminster Bank USA.

Jenks & Cattell surges to £628,000 at halfway

PRE-TAX profits of Jenks & Cattell jumped to £628,000 for the first half of 1983. This compares with £170,000 for the previous 11 months.

In addition, Mr R. W. Aitken, chairman, says he is confident that satisfactory turnover and profits will be achieved at the current year end.

The interim dividend has been lifted to 1p net. For the 17 months to the end of December 1982 a total of 1.5p was paid.

The period under review saw turnover total £12.69m (£16.72m for 11 months) and profits were after interest of £171,000 (£433,000). Tax took £78,000 (£77,000) leaving the net balance at £550,000 (£93,000 before extraordinary credit of £41,000). The attributable profit was £549,000 (£133,000) and earnings per 25p share are stated at 3.3p (0.7p).

The directors say that despite the second half being an off-peak period for the sale of garden tools, all three of the group's divisions have continued to trade profitably since the end of June.

The building division has been particularly active and is expected to contribute the major part of group profits in the second six months.

Of the first half the directors say the tools and engineering division met all expectations and made the largest contribution to profits in the period.

The Burgon & Ball tools division had a "very satisfactory" six months, reflecting the higher level of efficiency at Sheffield, while the Elliott-Medway building division experienced a healthy demand for system buildings which will peak in terms of completions on site later in the year.

Hoskins & Horton

PRE-TAX PROFITS at Hoskins and Horten almost doubled from £271,000 to £520,000 in the six months to June 30 1983 and the directors point out that this has been achieved despite a large loss from its light engineering subsidiary, Trewbella Bros (UK).

The interim dividend is raised from 2p to 2.5p net—last year's total was 6p from pre-tax profits of £454,000.

Turnover of this holding company with interests in building supplies, building and contracting, and hospital equipment, rose from £5.59m to £6.44m. Trading profits were up from £329,000 to £548,000. The pre-tax figure was struck after interest charges lower at £28,000 (£58,000).

Tax for the half was £132,000 compared with £54,000, and there were extraordinary debits of £12,000 (£15,000). Stated earnings per 20p share climbed from 8.1p to 14p.

New restrictions on National Health Service spending cannot help prospects at Hoskins, which makes hospital bedsteads and equipment, and the present economic recovery—such as it is—is insufficient, say the directors, to give further impetus to profits.

They believe that progress can be maintained throughout the group in the second half of the year, though less strongly than in the first half.

Yearlings down

The interest rate for this week's issue of local authority bonds is 9¾ per cent, down by ¼ of a percentage point from last week, and compares with 10¼ per cent a year ago. The bonds are issued at par and are redeemable on October 3 1984. A full list of issues will be published in tomorrow's edition.

Hard Rock Cafe

An over the counter placing of shares in the Hard Rock Cafe is to be made by Harvard Securities. The issue will be going out to investors as from September 30.

BASE LENDING RATES

A.B.N. Bank	9½%	Heritable & Gen. Trust	9½%
Al Baraka International	9½%	■ Hill Samuel §	9½%
Allied Irish Bank	9½%	C. Hoare & Co. †	9½%
Amro Bank	9½%	Hongkong & Shanghai	9½%
Henry Ansbacher	9½%	Kingsnorth Trust Ltd.	11 %
Arbuthnot Latham	9½%	Knowsley & Co. Ltd.	10 %
Armco Trust Ltd.	9½%	Lloyds Bank	9½%
Associates Cap. Corp.	9½%	Mallinhall Limited	9½%
Banco de Bilbao	9½%	Edward Manson & Co.	10½%
Bank Hapoalim BM	9½%	Meghraj and Sons Ltd.	9½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	9½%
Bank of Scotland Ω	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	R. Raphael & Sons	9½%
Barclays Bank	9½%	P. S. Refson & Co.	9½%
Beneficial Trust Ltd.	10½%	Roxburghe Guarantee	10 %
Bremar Holdings Ltd.	9½%	Royal Trust Co. Canada	9½%
Brit. Bank of Mid. East	9½%	Standard Chartered ‖	9½%
■ Brown Shipley	10 %	Trade Dev. Bank	9½%
CL Bank Nederland	9½%	TCB	9½%
Canada Perm't Trust	10½%	Trustee Savings Bank	9½%
Castle Court Trust Ltd.	10 %	United Bank of Kuwait	9½%
Cayzer Ltd.	9½%	United Mizrahi Bank	9½%
Cedar Holdings	10 %	Volkskas Intnl. Ltd.	9½%
■ Charterhouse Japhet	9½%	Westpac Banking Corp.	9½%
Choulartons	10½%	Whiteaway Laidlaw	10 %
Citibank Savings ¶	10½%	Williams & Glyn's	9½%
Clydesdale Bank	9½%	Wintrust Secs. Ltd.	9½%
C. E. Coates	10 %	Yorkshire Bank	9½%
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Dunbar & Co. Ltd.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month 8.25%. Short-term £8,000/12 months 8.6%.
† 7-day deposits on sums of: under £10,000 6%, £10,000 up to £50,000 7%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £1,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—9.15%. Effective annual rate—9.54%.

BIDS AND DEALS

Consortium takes 29.9% stake in Milford Docks

BY RAY MAUGHAN

THE consortium beaded by Mr Michael Davies is to take a 29.86 per cent stake in Milford Docks. The consortium, which also comprises NG Shipping Finance (UK), the management, financa and investment company associated with Mr Dusty Miller, formerly of Greatermans Stores in South Africa, is lifting its current 14.95 per cent bolding in two stages.

The existing holding was acquired at 50p per share. Now it has purchased 312,000 shares from Mercantoll, haaded by Richard Eldridge, at 59p per share and has taken options from Mercantoll in respect of 153,200 shares.

Mr Davies, who heads the Westpark property development company, has undertaken several schemes with NG Shipping Finance, notably a service station in Bridgend and a £350,000 davelopment at Crossways.

Mr Irving Aransoo, the Scottish accountant, is to join the Milford board to represent NG Shipping Finance's interests, and at a board meetiog prior to the October 3 annual meeting of shareholders, Lord Parry of Neyland will be invited to join the board. Lord Parry, formerly of the Welsh Development Agency, is a director of British Rail South West Board and chairman of the Welsh Tourist Office.

Mr T. G. Wilkinson will present himself for re-election at the following annual meetiog but Mr Gordon Driver, whose long running service contract was repudiated by the company earlier this year, will not be standing for re-election.

Resolutions to appoint the group finance director and secretary, Mr C. J. James, and Mr Edwin Barrett, formarly of engineering group Butterfield-Harvey, will be put before the meeting.

Milford's assets are divided between the port and its stevedoring interests, a dry dock, 40 acres of development land bebind the port, an oil tank farm with storage capacity of 64,000 tonnes and a small air taxi business in Cambridge.

It bas, as Mr Aranson observed yesterday, no debt following a £700,000 rights issue at 33p per share this summer. H G Shipping Finance, he said, will be seeking to "build on the base that Milford has" although the new shareholder would not he rushing to expand the group immediately. Over the longer term, though, Milford rapresents a UK vebicle from which N G will be looking for acquistions.

Maxwell lifts his Waddington stake to 24.4%

By Andrew Arends

Mr Robert Maxwell, chairman of Pergamon Press and the British Printing and Communications Corporation (BPCC), indicated a continuing interest in John Waddington yesterday by picking up a further 281,000 shares, costing around £750,000. This lifted his stake in the Leeds-based packaging and games group from 19.9 per cent to 24.4 per cent.

BPCC failed three weeks ago in an £18m bid for Waddington.

Under the rules of the Takeover Panel Mr Maxwell cannot make a full bid for Waddington again until September 1984 although he is allowed to purchase a stake of up to 29.9 per cent.

Two weeks ago he snapped up a block of 310,000 Waddington shares at a cost of around £750,000.

Yesterday, Waddington's shares closed unchanged at 265p. In its final bid attempt BPCC made a cash offer worth 249.6p per share and an alternative share offer worth 278.2p. BPCC shares yesterday dropped 1p to 102p.

SUTER BUYS MORE FRANCIS INDUSTRIES

Suter, the hairdressing, refrigeration and air-conditioning group, has purchased a further 100,000 shares in Francis Industries, tha Halifax-based packaging and car components group, at a cost of around £55,000.

This increases Suter's stake in Francis to 8.1 per cent against 7.2 per cent. Yesterday Francis shares closed up 1p at 55p, while Suter shares shed 3p to 67p.

DRAKE AND SCULL

Acceptances of Simon Engineering's offer have been received in respect of 13.58m new Drake and Scull ordinary and the same number of deferred shares, representing 86 per cent of the issued capital not already owned by D and S and 74.2 per cent of the total ordinary and deferred.

Simon held no ordinary prior to the offer and purchased 2.53m (13.8 per cent) prior to posting of the offer document.

Simon now owns or has received acceptances for 88 per cent of issued capital.

The offer has been declared wholly unconditional.

MOORSIDE TRUST

Another takeover bid in tha investment trust sector was foreshadowed yesterday as Moorside Trust, part of the £220m Rivermoor management stable, announced that it has received an approach whicb may lead to an offer. Shares in the £20.81m trust added 2p to 96p which narrows the already slender discount against net assets, which Gilbert Elliott, the stockbroking firm, has shown recently at 101.1p per share.

COOKSON DEAL

Cooksoo says agreement bas been completed with Tarmac Building Products for that company's acquisition of Durastic, a wholly-owned subsidiary of the group. Consideration is not material in the context of Cookson or Tarmac.

YELVERTON INVTS.

Mr Colin Bray has resigned from the board of Yelverton Investments and bas sold his remaining bolding of 90,000 ordinary shares in the company to Mr J. Bentley, taking his holding to 1.2m ordinary shares.

ELECTRONIC RENTALS

Electronic Rentals bas acquired a further 9 per cent of Terminal Systems Services, based at Horsley Woodhouse, Derbyshire, and lifts its total shareholding to 60 per cent.

Consideration for the purchase of this shareholding will be £100,000, to be satisfied by 161,290 ordinary Electronic shares.

MICROFILM REPRO.

Microfilm Reprographics has completed the acquisition of the issued and loan capitals of Comlink. The loan capital was purchased from ICFC and Gresham Trust at par for £64,000 and 45 per cent of the share capital, owned by tha institutions, for £67,000 cash.

The remaining 55 per cent was acquired from Comlink directors for £27,500 cash. A further amount may be payable to the directors if pre-tax profits to June 1984 exceed £50,000.

NO PROBE

The merger between Simon Engineering and Drake & Scull Holdings will not be referred to the Monopolies and Mergers Commission.

REED INTL.

Reed International through Reed Holdings, has acquired Roman Adhesives of New Jersey, U.S., for $6m cash. The business made a profit before tax of $1.25m in the last financial year to February 28, 1983.

Roman Adhesives supplies the wall coverings adhesives industry in tha U.S. and is developing other DIY products.

The acquisition is part of the planned expansion of Reed's operations in North America. It will form part of the Polycell Group and will provide a basis for expansion of their activities in the U.S.

METAL BULLETIN

The Metal Bulletin Group has acquired Squirts Guide, publishers of the Investment Calendar, from Mr Jeremy Lewis, a member of the Loodon Stock Exchange, for £35,375.

The Investment Calendar gives daily information to the London Stock Exchange.

The Metal Bulletin Group will continue to develop publication of the Calendar. Eventually publication will be handled through its subsidiary Square Mile Publications.

Consideration will comprise £25,375 in cash and £10,000 in registered 9 per cent Loan notes repayable in full by 1985.

BOWATER

Crossley Builders Merchants, a wholly-owned subsidiary of Bowater, bas acquired George Thompson and Co Builders Merchants (Spalding) with two depots in Spalding and Holbeach. Crossley will open a depot in Sunderland this month.

NATIONWIDE/NEILSON

At an extraordinary meeting of Nationwide Leisure shareholders approved the purchase of Neilson Leisure Group.

SHARE STAKES

The Throgmorton Trust—Following the issue of additional share capital as a result of the Pentland Investment Trust Takeover, the interest of Prudential Corporation being 6,929,771 ordinary shares will represent 12.21 per cent of the issued share capital.

Gerrard and National — The Kuwait Investment Office has acquired 230,000 ordinary and now holds 1,530,000 (5.1 per cent).

Widney — Jove Investment Trust has reduced its holding from 995,000 to 850,000 ordinary shares (9.7 per cent).

Stoddard (Holdings)—Hampton Corporation Inc has sold 10,000 ordinary shares reducing its holding to 121,000 (13.4 per cent).

Sedgwick Group — Mr R. Bowers, director, has disposed of 10,000 ordinary shares reducing his holding to 25,000 shares.

Munford and White—Mr J. Munford, director, has sold 220,000 ordinary sbares reducing his holding to 563,102 shares. Mrs I. Munford, wife of director, has sold 30,000 ordinary shares reducing her holding to 65,840 shares.

Meyer International—Mr Tom M. Meyer, director, has sold 100,000 ordinary shores.

a wholly owned subsidiary of the LRC International—LRC Intl, Oceans Consolidated Company, has disposed of 1m LRC sbares for a net consideration of £1.1m. Oceana through its subsidiaries continues to hold 1.2m shares.

Glasgow Stockholders Trust—Imperial Life Assurance Company of Canada has sold 750,000 ordinary shares and now holds 1.29 (5.79 per cent).

Warner Estate Holdings—Warner has purchased for cancellation a further 30,000 ordinary in Warner Estate at 400.75p per share.

Invent Energy Holdings—Triton Energy Holdings has sold 50,000 ordinary and is interested in 11.84m ordinary (71.74 per cent).

General Funds Investment Trust—Following recent purchases, Equitable Life Assurance Society is beneficially interested in 380,500 ordinary (8.03 per cent).

Ferranti—Basil Reginald Vincent Ziani de Ferranti, a director, has disposed of 27,290 ordinary units reducing holding to 1.28m (1.5 per cent).

James Cropper — James Anthony Cropper has purchased 25,280 ordinary; Nicholas Warren Willink has purchased 5,000 ordinary; John Henry Larking has purchased 5,386 ordinary; Anglers Inn Trust, a charity controlled by three of the company's directors) has purchased 5,617 ordinary. A trust of which Nicholas Warren Willink is one of three trustees, has purchased 5,817 ordinary.

Lake and Elliot—Europco Holdings has acquired 150,000 ordinary making its holding 675,000 shares.

Beechwood Group—Mr V. H. G. Knight, director, has sold 200,000 shares.

Dawson International—Kuwait Investment Office is interested in 6,037,500 ordinary (6.91 per cent).

Powell Duffryn—Kuwait Investment Office holds an ioterest in 2,459,375 ordinary (6.26 per cent).

Reckitt and Colman—Mr T. J. A. Colman, director, has sold 10,000 ordinary.

Jackson Exploration—A trust for the benefit of the family of Mr M. W. Jackson acquired 750,000 common shares at 77p each, increasing the beneficial interest of Mr Jackson and W. J. Corporation to 35,018,895 common. Mr H. T. Hearne Jr, and members of his family, acquired 9,100 commoo shares at 81p each, aod increased their beneficial interest to 25,000 shares.

Lynton Holdings — Colgvy Holdings has increased its stake from 1,493,000 to 1,618,000 sbares (16.28 per ceot).

Talbex Group—On September 20, Yorkgreen Investments sold 877,000 shares in Talbex and now holds 2,473,000 shares (0.97 per cent).

MINING NEWS

ZCI problems still growing

BY GEORGE MILLING-STANLEY

THE PROBLEMS of Zambia Copper Investments (ZCI) have shown no sign of abatement ovar the past year, the latest annual report shows.

A total of more than U.S.$5m (£3.3m) in divideods from Zambia Consolidated Copper Mines (ZCCM) is still tied up in Zambia, there seems precious little prospect of a rapid return to dividends from that group, and Botswana RST (Botrest) remains a substantial drain on cash resources.

ZCI, part of South Africa's Anglo American/De Beers group through the stake of 50 per cent held in the copper investment conrern by the group's Bermuda-registered Minerals and Resources Corporation (Minorco), paid no dividends last year.

Tha company had earnings before extraordinary items of $1.18m in the year to June 30, compared with $1.55m tha yaar before. After extraordinary dabits of $6.2m, the net loss for 1982-83 was $5m, against a loss last time of $99.5m when ZCI wrote off half of the value of its investment in ZCCM.

The latest results include a further payment of $541,000 to De Beers in connection with Botrest, the financially-tronbled base metal operation in Botswana.

Four years ago, ZCI granted De Beers a fixed charge over all its assets as security for contingent liabilities undartaken by De Beers in respect of Botrest.

The latest payment represents the amount of cootingent liabilities whicb bave crystalised over the past year.

ZCI hopes that $20,000 of this sum will eventually be recoverable by Da Beers, but the remainder has been treated as an extraordinary debit.

The total amount of contingent tiabilities still outstanding at the year end was just under $14m, and ZCI said it is confident that this can be met out of existing and future cash resources should the need arise.

Turning to the Zamblan copper industry, the directors of ZCI said that it will require a prolonged period of substantially highar base metal prices before ZCCM is again in a positioo to declare a divideod. Such a recovery depends on a sustained recovery in the economies of the industrialised nations, thay added.

While there are indications of an economic upturn, tha directors believe that no increase in copper consumption is likely in the short term.

This clearly does not bode well for ZCCM, and that group's problems have beeo made worse by the Zambian Government's desperate need for funds. A tax of 4 per cent on the value of mineral exports was imposed on April 1, and that rale has since been increased to 5 per cent.

At current metal prices, this tax is costing ZCCM aronnd Kwacha 100m (£51m) a year.

Cobra on target

SOUTH AFRICA'S Cobra Emerald Mines seems to be on the way to the full-year pre-tax profits of £921,000 forecast in the prospectus at the time of the company's entry onto Loodon's Unlisted Securities Market.

Cobra bas just reported results for the four mooths to the end of September, in line with the year-end of its parent company Royex Sturgex Mining of Canada. These show pre-tax profits of £460,246.

The company is not liable for tax, as there is o South African tax loss carry forward of R4.84m (£2.8m). After costs of £369,300 associated with the share issue in June, net profits are shown as £6,916.

Cobra assumed management of its present operations, which include six open pits in production, in February of this year. The mine, South Africa's only significant producer of emeralds, is in the Murchison Ranges about 14 miles from the Palabora copper mine.

Mr David Hargreaves, president and chief executive, said at the time of the share issue that he expected to be able to achieve an average price of U.S.$2.32 per carat for Cobra's output.

The price realised over the openiog few months under the new managemeot must have been within sight of this, and there is scope for an increase. Tha company is investigating ways of improving marketability by further cleaning and grading.

Major modifications are currently under way at the crushing and sorting circuits, designed to improve throughput and recovery rates. Cobra expects capital spending to be about £300,000 over the remaining eight months of the year.

The shares, a strong market in London in recent weeks, dipped to 110p on the initial announcement of tha results, but recovered to close the day showing a loss of 5p at 116p.

Pancontinental accepts Peko's bid for Robe

THE tussle between Australia's Peko-Wallsend and Pancontinental Mining for ownership of the Robe River iron ore holding company is over.

After bids and counter-bids from the two contestants, whicb last left Peko with control of Robe River, Pancontioental has now accepted the Peko bid for its 9.8 per cent stake in Robe River.

As a result, Peko's stake in Robe River has risen to about 65 per cent of the 43m shares in issue. A total bolding of 90 per cent is needed to enable Peko to proceed with compulsory acquisition of the outstanding shares in Robe River.

Peko has already said that if it achieves the 90 per cent target it will pay accepting holders of Robe River A$2.65 (about 158p) per share, valuing the latter company at A$114m.

If acceptances do not reach this level, the hid price will be A$2.60 per share. Thus Pancontinental stands to receive somethiog in the range of A$10.73m to A$10.94m for its holding in Robe River.

Tronoh reduces its interim

DESPITE sharply reduced sales of tin conceotrates as a result of the curbs imposed by the Internatiooal Tin Council, Tronoh Mines Malaysia reports a ressonably well maintained net profit for the half year to Juna 30 of M$2.96m (£838,000).

This compares with M$3.48m in the same period of last year and a total for 1982 of M$7.08m. The interim dividend is reduced to 25 cents (less tax at 40 per cent) from 30 cents a year ago wheo a final of 60 cents followed.

A factor in the latest results has been a low tax charge arising from unabsorbed capital allowances. Costs will also hava fallen in line with the reduced production. However, the stockpile of tin conceotrates is about to reach the maximom permitted leval and Troooh says that it is re-examining production policy.

Pacific Copper producing tin

THE CANADIAN Pacific Copper Mines reports that a continuous cash flow is oow assured for several years thanks to the start of tio concentrate productioo last month at its wbolly-owned Kangaroo Creek property 200 km south-west of Cairns in Queensland.

Under the present tin export quota system the Australian mine is estimated to be capable of providing an annual operating profit of over A$1m (£600,000). Ore reserves so far outlined total 3.7m toones and the present projected life of the property is six years.

Mining operations have also partly exposed a new underlying mineralised zone. This, it is stated, contains encouraging gold, silver and copper values and the area so far exposed covers 650 feet by 100 feet.

Good start for Hillards

TRADING in the current year at Hillards, supermarket operator, has started well, Mr G. N. Hunter, the chairman, told the annual meeting. He said the experience was in accord with tha expectatioo that profit for 1983-84 should be graater than in 1982-83.

He said a store of over 30,000 sq ft would open in Doncaster in November, and last week the purchase was completed of a 4.2 acre site in the Rotherham enterprise zone wbare a 30,000 sq ft store should start trading in November 1984.

Approval was given by shareholders to the introductioo of three share schemes for employees.

At the annual meeting of Associated British Engineering, chairman Mr A. R. Ralch said that all compaoies were trading reasonably during the curreot year. The board had seeo some improvement in demaod to the catering equipment busioess and expected that to be reflected in the results of that divisioo.

After o delay in finalising two large export orders at Dawson-Keith, contracts had now been signed but would have an effect on the half-year results. It expacted, bowever, to recover lost ground during the second half.

He said the marine world cootinued to be very depressed and the board saw no improvement in the marioe diesel market in the foreseeable future.

Following the assessment of the position at the year-end, company had therefore taken the necessary steps to reduce its exposure in that market.

Mr Michael Slocock, chairman of Singlo Group, told his annual meeting that "despite the lower level of grocery inflation, Norman's sales have risen 12½ per cent during the first five months of the current year. Our new branch at Swansea opened on August 8 and negotiatioos continue for new sites.

"Other group companies are trading well and we remain confident of the outcome for the year, subject to unforeseen circumstances."

Mr David Gordon, former managing director of Key Markets, has joined the Singlo board as an executive director.

Combined English Stores sharp recovery at midterm

A TURNROUND from losses of £1.67m to pre-tax profits of £845,000 was achieved by Combined English Stores during the 28 weeks to August 13 1983.

The interim dividend is held at 1.49p, but the board hopes to recommend a substantially higher final than last year's 0.33p if the improvement in results is maintained.

Sales, excluding VAT, for the period under review were up from £49.56m to £54.77m, and the taxable result included associate company and property disposal profits of £439,000 (£63,000) and £728,000 (976,000) respectively.

Profits for the year to January 29 1983 totalled £1.75m on turnover of £102.7m.

Mr Tony Haygarth, finance director, said that the sharp recovery in the first half was mainly due to reduced losses at the Fenton's Men's shops, while the Salisburys handbags business broke even.

There was a substantial profit improvement from Eurocamp, the Canvas Holidays business, and the M. Mikardo wholesale operation did better, he says.

There was a sharp rise in the contribution from the 50 per cent owned Btha chain of fashion shops in West Germany. He says the revamping of the 91 Fenton's shops is now complete.

There were earnings per 12½p share this time of 1.12p compared with a 4.23p loss. Tax took £262,000 (£369,000), and there were minorities of £30,000 (£16,000), exchange losses £65,000 (gain £4,000), and an extraordinary credit last time of £31,000.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Associated Book Publishers, Aurora, ORG, Eastern Produce, Emess Lighting, Cecil Gee, Manders, Moss Bros., James Neill, Riley Leisure, Tilbury, Wingate Property Investments.

Finals: Ben Bailey Construction, Home Farm Products, Lawrie Plantations, Mills and Allen International, Northern Industrial Improvement Trust.

FUTURE DATES

Interims:	
British Syphon Industries	Oct 4
Clarke Nickolls and Coombs	Oct 3
Edinburgh Investment Trust	Oct 10
Glossop	Oct 3
Grattan	Sep 29
Johnston Group	Oct 6
Northern Securities Trust	Nov 3
Waterford Glass	Oct 11
Watts Blake Bearne	Oct 4
Finals:	
AB Electronic Products	Oct 3
Beckman (A.)	Oct 4
Canadian Overseas Packg Inds	Oct 8
Eleco	Oct 19
FII Group	Oct 3
Glaxo	Oct 4
Halstead (James)	Oct 4
Highland Distilleries	Oct 24
Precious Metals Trust	Oct 5
Sharpe (Charles)	Oct 6
Unigroup	Oct 6

● comment

Combined English has come in with a significantly improved sales performance this half compared with last year. The trend is encouraging and virtually all the group's divisions producing improved results. The most dramatic turnaround came from Harry Fenton, the retail fashion chain. Here, having revamped the company's management and suppliers, the group is changing the Fenton image — moving upmarket with its new Studio stores. A similar upmarket move in Salisbury, the handbag and leather retail chain, has already boosted both turnover and profits. Mercado, the carpet wholesaler, has been a bright performer, making up for dull figures from the rest of the import and wholesale division. Eurocamp continues to turn in solid figures pushing pre-tax profits up again for the half year. Estimates for the full year pre-tax profits figure seem to be around the £5m level. Yesterday the shares closed unchanged at 40p giving a prospective p/e of 8 fully taxed.

Tomatin foresees lower loss for 1983

A SUBSTANTIAL reduction in the 1982 trading deficit of £2.03m is forecast for 1983 by the directors of *Tomatin Distillers* in their interim statement.

This is despite a warning that second-half losses may exceed the £622,000 now reported for the six months to June 30 1983. Excluding EEC cereal refunds of £1.25m, losses for the comparable period were £1.12m.

Tomatin, a primary supplier of malts to the whisky industry, has recently resumed production after an extended silent season, when its plant shuts down for holidays and maintenance, which this year began at the end of June.

Mr Geoffrey Smith, the assistant managing director, said yesterday that output was currently running at no more than 15 per cent of capacity against 50 per cent in Tomatin's peak years and an estimated break even point at 30 per cent.

The industry has been destocking heavily since the end of 1979 and Tomatin sees no immediate prospect of an upturn. The £3m convertible preference issue in the spring was applied as to £1.8m deficit on distributable reserves and the balance was used to cut overdrafts which now stands at about £1m.

In March this year the directors said that no dividend is payable on the preference shares until 1985. The last payment to ordinary shareholders was a 0.1p final in respect of 1980.

Mr A. F. de Boer, chairman, states that there has been some increase in orders for new whisky in 1983 and this has continued to a limited extent.

He says that an increase in first-half turnover from £3.85m to £5.07m arose mainly from the sales of new whisky and increased activity of the brokering business.

However, industry exports were down on the same period of last year by 9 per cent, and he says that if this decline continues into the second half, then the recovery in the company's fortunes in 1984 may be delayed.

There was again no tax for the period, and the loss per 25p share is given as 9.21p (profit 1.94p).

Telemetrix joins the SE queue

BY DOMINIC LAWSON

THE LATEST in the cavalcade of high tech companies seeking a London Stock Exchange quote is Telemetrix. The Tewkesbury-based company is principally involved in the design and manufacture of advanced electronic products. Computer graphics display terminals account for about 90 per cent of sales.

Telemetrix will achieve a full listing through an offer for sale of 5,243,243 shares at 185p each, worth £9.7m. This represents 26.2 of the total equity, which would be capitalised at £37m at the offer price.

Of the shares being offered, 3.35m are new shares which will raise £5.6m for the company, after the issue expenses of £600,000 are deducted. Of the £5.6m, £500,000 will be paid to Cope Allman as final payment for a minority stake in Westward, the main business of Telemetrix. The rest of the money raised will be applied to the costs of the development programme of other subsidiaries.

The remaining 1.9m shares are being sold by four directors of Telemetrix and two non-directors.

Telemetrix, which was formed in 1977 by Mr Roy Cole, the present chairman and managing director, and two other engineers from Racal, has enjoyed very rapid profits growth. In the nine months to June 30 1979 it had turnover of £65,000 and profits of £17,000. In the year to June 30 1983 turnover had grown to £5.85m and profits were £1.6m. The company is now forecasting pre-tax profits for the year to June 30 1984 of £3.2m on turnover of £12.1m. This puts the shares on a prospective fully taxed p/e of 24.67 at the offer price.

Aside from the main profits earner, Westward, which designs and distributes a range of graphics terminals and associated peripherals, Telemetrix has four other main operating subsidiaries: Micromas produces a range of simple graphic products for commercial applications; Lord Medical is engaged in the investigation of the causes of "cot death"; and N. C. Riter and Isoplastics work together to provide engineering solutions to the problems of tooling machinery and moulding three dimensional shapes.

The application list for the offer will open on Tuesday, October 4 and may close any time thereafter. Dealings are expected to begin on October 10. The offer is being arranged by Barclays Merchant Bank. Telemetrix's brokers are Stock Beech.

● comment

Telemetrix appears to be the only one of the current stampede of high tech electronic companies onto the stock market which has not chosen the tender method of sale. For this, much thanks. However, the contemporaneous offer for sale by tender of Acorn Computer could prove very enticing, and Telemetrix's sponsors might welcome some stags to lubricate the mechanism of their own offer. That does not mean that the shares are cheap, but there are many less interesting companies on higher multiples. It should be noted that one product, the graphic display work station, accounts for about half of the dominant business's sales. Telemetrix is wisely engaged in widening its range of businesses, but the result is that it has many subsidiaries with very short trading records. Cope Allman must feel a little piqued: having just sold a 38 per cent stake in Telemetrix's breadwinner, Westward, for £1m. It now sees Westward's prospective earnings push Telemetrix to a market value of £37m.

Biddle dives £638,000 but holds interim

Taxable profits of *Biddle Holdings* plunged by £638,000 to £394,000 for the first half of 1983 and in their interim report the directors warn that the difficult trading conditions are unlikely to improve much in the second six months.

Earnings fell by 6.9p to 6.8p per 25p share, but the interim dividend is held at 2.4p net—a final of 7.6p was paid for 1982 when pre-tax profits totalled £1.71m.

First-half turnover was down from £9.78m to £8.91m—the group is engaged in the manufacture and installation of heating and air-conditioning equipment and lifts.

The directors say the difficult trading conditions experienced by F. H. Biddle over the past two years continued into 1983 and resulted in the company incurring a loss for the half year. They add that there is still no indication of any improvement in demand for its products.

Group pre-tax results included net interest receivable of £195,000 (£166,000). Tax charge dropped from £482,000 to £121,000.

Spring Ram confident as interim profits top £0.6m

IN THE first figures since coming to the USM, Spring Ram Corporation has produced pre-tax profits of £635,000 on turnover of £5.82m. In line with predictions made in the placing document the net interim dividend for the six months to July 2 1983 is declared at 1p.

Earnings per share of this supplier to the home improvements market, were given as 6p.

With additional production facilities scheduled to come on-stream in the second half, and with the financial resources to meet such growth, the chairman, Mr W. T. Rooney, looks foward to the future with confidence.

In the last full year pre-tax profits came to £1.03m.

During the period established products have continued to gain market share, and new brands have exceeded expectations. In particular new bathroom products have been well received.

Recent additions to kitchen ranges have quickly established national distribution and significant sales levels.

New order intake and order books are at record levels and all manufacturing units are working to maximum capacity.

Tax for the six months took £10,000 — tax charge represents advance corporation tax on proposed dividends — the directors anticipate that no mainstream corporation tax will be payable. After interim dividends of £23,000, the retained balance came through at £602,000.

Dividend rights for 78.5 per cent of the issued shares have been waived by holders who are also director, allowing £118,000 to be reinvested in future group developments.

The full year's results will show an extraordinary debit of £85,000 which was the cost of entry on to the USM.

The group comprises two principal subsidiaries — Ram Bathrooms and Ram H.I. Ram Bathrooms, trading as Spring Bathrooms, has gained approaching 20 per cent of the UK acrylic bath market since 1980.

For the group, bathroom products account for about 57 per cent of sales and home improvement *products about 43 per cent.*

Miles 33

In the six months to August 31 1983, Miles 33, supplier of computer systems, quadrupled its pre-tax profits from £40,000 to £164,000 on sharply higher turnover of £1.5m, against £633,000. For the whole of last year a profit of £225,000 was made.

Tax for the first half took £23,000 (£6,000) and earnings per 10p share are shown to have improved from 1.6p to 6.7p.

L & C Advertising lifts first half profit by 30%

Interim taxable profits of London and Continental Advertising Holdings increased by just over 30 per cent from £205,000 to £268,000.

The directors of this USM company say that all aspects of the the group are trading well, the upturn in tourism in London this year has been particularly beneficial to its hotel activities.

Turnover for the six months to June 30 1983 rose from £1.14m to £1.31m. For the whole of 1982 pre-tax profits of £410,000 (£318,000) were made with turnover at £2.23m (£1.73m).

The prestigious London Transport roadside business secured since the end of the 1982 year will be fully on stream in early 1984, the directors say.

They say the contract will make an initial contribution to group profits in the current year. Existing businesses continue to expand, they add.

The company is now one of the largest operators of roadside advertising sites in the London area.

Earlier this year the company exercised its option to increase its shareholding in London and Continental Posters to 85 per cent. The directors confirm that this company is anticipated to make a significant contribution to the group's results.

Mr John Golfar, chairman, says he looks forward with confidence *to* the *group's* performance for the second half of the year.

Tax for the opening half took £139,000 (£107,000) giving higher earnings per share of 0.82p (0.63p).

Reduction at Davenport Knitwear

A further decline in pre-tax profits from £369,000 to £307,000 has been shown by Davenport Knitwear for the first half of 1983. The directors say that trading profit for the year cannot be predicted with any degree of accuracy.

Trading profits for the six months fell from £251,000 to £218,000, to which was added investment income of £147,000 compared with £185,000. Depreciation took £58,000 against £87,000.

Tax is estimated at £160,000 (£192,000).

Despite a slight increase in pre-tax profits from £792,511 to £860,555 for the year to the end of 1982, the directors of this manufacturer of knitted fabrics and garments said at the end of the last full year that until an upturn in the economy arrived it was difficult to be anything but pessimistic.

Ingall Industries

Ingall Industries has increased pre-tax profits by £187,000 to £698,000 for the year to the end of June 1983. Second half profits rose by £113,000 to £463,000.

At the halfway stage the directors said that results were encouraging—they expected the purchase of Roberts & Brain in January to make a useful addition to second half results.

Turnover for the year of this light engineer and maker of funeral furnishings grew from £4.81m to £5.07m.

The net final dividend has been lifted from 1.86p to 2.045p which gives a higher total of 3.025p against 2.75p—earnings per 10p share are shown as ahead from 3.94p to 6.57p, after tax.

At the trading level profits rose from £567,000 to £796,000, from which interest and charges took more at £98,000 (£56,000).

Tax amounted to £230,000 (£257,000). Dividends will absorb £237,000 (£17?,000). After dividends there was an exceptional credit of deferred tax of £214,000 (nil), and an extraordinary debit last time of £384,000.

Arncliffe

Profits of Arncliffe Holdings, property developer and building contractor, edged ahead from £187,233 to £191,332 in the six months to April 30, 1983 but the directors say they do not expect the full year's outcome to exceed last year's £463,689.

The net interim dividend is held at 1.12p. Last time a final of 1.54p was paid.

Turnover at mid-term amounted to £2.45m (£2.49m) and profits were after interest of £52,777 (£114,349).

On a net trading profit of £191,332 a reserve for tax of £99,493 (£97,361) would have to be made. However, due to the incidence of stock relief, it is not anticipated that there will be a tax charge in respect of first half earnings.

The expansion programme has been followed and the company is already developing a wide variety of houses in six new sites, more of which it is selling ahead of construction, and is planning developments on several further sites. These are in addition to existing developments.

However, the new sites will not contribute to profits during the current year.

Watmoughs ahead

For the first half of 1983 Watmoughs (Holdings), colour printer, publisher and process engraver, pushed its pre-tax profits up by £68,000 to £748,000 on turnover of £10.2m, compared with £9.64m.

Mr Patrick Walker, the chairman, says the final *six months* "will make their contribution to a year of further progress for the group."

Meanwhile, the net interim dividend is being effectively increased from 1.4166p to 1.7p per 25p share—a final equal to 3.7916p was paid for 1982 when taxable profits totalled £1.82m.

The group is continuing to invest in new equipment. Capital expenditure this year includes an 8 unit web offset press costing approximately £2m. The benefits of the press, which will open up new markets for the group, will not be experienced until the second half of 1984.

First-half earnings emerged at 8.96p (8.19p adjusted) per share after tax of £75,000 (£65,000).

James Wilkes

Pre-tax profits of James Wilkes recovered from £34,000 to £73,000 for the opening half of 1983 and had it not been for a loss incurred by Wilkes Computing, the directors say profits would have been "much greater."

Turnover for the half year totalled £2.83m, against £3.85m—the group manufactures business forms and equipment. The interim dividend is held at 1.5p net per 25p share.

Tax accounted for £20,000 (£16,000) and minorities £2,000 (£15,000). Extraordinary items added £99,000 (£82,000).

Wilkes Computing has been relocated into a single property and new operational management has been appointed. The directors expect the company to be trading profitably by the end of the year.

For the 1982 year the group cut its losses to £86,685 (£174,632) pre-tax and paid a final dividend of 2.8125p.

Rudolf Wolff restructures

With the formation of the holding company, RUDOLF WOLFF GROUP, Mr F. L. Holford is appointed managing director of the group and chairman of Rudolf Wolff and Co. Mr P. B. Leeming becomes managing director and Mr P. S. G. Fill deputy managing director of Rudolf Wolff and Co, the group's principal metal and commodity broking subsidiary. Mr B. L. Cleland is appointed a director of Rudolf Wolff Group and the following are appointed to the board of Rudolf Wolff and Co: Mr J. M. Foulds, Mr E. C. Gifford, Mr E. P. Ledwidge, Mr D. Robbshaw and Mr G. R. Slater.

★

CELESTION INTERNATIONAL has appointed Dr J. F. D. Marsh as managing director. He was engineering manager and manufacturing director of Rank Wharfedale and, more recently, as technical manager of Fisher Price Toys.

★

Mr Ole Knudsen has been appointed a non-executive director of DANISH BACON COMPANY. He is Danish, and vice-chairman of the Forenede Sjaellandske Andelsslagterier bacon factory in *Denmark.*

★

BARGET has appointed Mr David M. Green as finance director and company secretary; Mr Aubrey Goldsmith as chairman and managing director; Mr Mariano M. Martin (Philippines) as a non-executive director; and Dr Sergio Fleschi (U.S., formerly vice-president Pan Am) as a non-executive director.

★

The BRITISH METALLURGICAL PLANT CONSTRUCTORS' ASSOCIATION has appointed Mr A. J. Taylor as chairman, and *Mr W. L. Robinson* to continue as vice-chairman. Mr Taylor is chairman of Babcock Woodall-Duckham. Mr Robinson is external relations manager of Ferranti Computer Systems.

★

PRICE WATERHOUSE has admitted 20 new partners in the UK: Mr A. Neil Andrews, Mr Keith Bell, Mr *Michael Bishopp*, Mr Anthony G. Browne, Mr Edward D. H. Coviello, Mrs Rayna Dean, Mr P. Ryan C. Densham, Mr Stephen P. Dent, Mr Michael L. Dockray, Mr Frank Edwards, Mr David J. Franks, Mr David E. Frost, *Mr Michael D.* Fulford-Brown, Mr Eric J. Hetherington, Mr Roger G. Hope, Mr Alec N. Jones, Mr W. Guy Madewell, Mr Desmond B. McCann, Mr John G. Nowell, and Mr James G. H. Wadsworth.

★

Mr Peter Morgan, has been appointed a director of DIVERSEY. He will continue as head of physical resources for the company.

★

UNITED TECHNOLOGIES of Hartford, Connecticut, has appointed a communications manager for the UK. He is Mr Robert Forsythe, who joins from Dewe Rogerson, where he was an account director.

★

Mr Tony Wainwright, who recently retired from Unilever, has joined the board of BREKKES FOODS. He was main board director of Birds Eye and Midland Poultry Holdings.

★

Mr Martin Robert Lampard has been appointed a director of HAMBROS. He is a director of Allied Lyons, Canadian Overseas Packaging Industries, and the Laird Group.

★

E. D. AND F. MAN (COCOA) has appointed Mr John C. Hutchins as a director from October 1.

★

Mr H. Malcolm Fall has been appointed assistant general manager of NATIONAL WESTMINSTER BANK'S international banking division. He succeeds Mr R. Flemington who becomes general manager of the bank's premises division.

★

Mr Duncan A. Hammett is to be managing director at HYBRITEK from November 1. He comes from the dynamics group of British Aerospace *where he has been since 1968.*

★

CORRECTION

We have been asked to point out that Dr Derek H. Pringle has been appointed non-executive chairman of BIOSCOT, and remains chairman and managing director of Scientific and Electronic Enterprises.

Ferranti wins £5.3m order for Swiss airports information system

FERRANTI *has won contracts* worth £5.3m to equip Zurich and Geneva airports with what is claimed to be the most comprehensive computerised information service in Europe. The order was placed by the *Saphir* Group consisting of three Swiss airport authorities and Swissair. The turnkey contract was placed with the Wythenshawe division of Ferranti Computer Systems. There is an additional large contract for maintenance. The design comprises a totally integrated computer-based communicatio system providing a complete information services to passengers and airport and airline employees.

FAIRCLOUGH BUILDING has begun work on a £1.2m contract *for shop fitting and structural* alterations to Wm Morrison supermarkets in the new Ridings Development in Wakefield. Work must be completed in 19 weeks.

★

DEGREMONT LAING has won two orders totalling over £3m. The largest is an export contract worth over £1.8m for mechanical/electrical equipment for use in water treatment *plants soon* to be built in Nigeria. The manually operated equipment will consist of horizontal clarifiers, aquazur filters, tank pumps and electrical equipment. Main power for the plants will be provided by diesel generators. The contract was awarded by *Lilley Construction*, Glasgow, the civil engineering contractor for the project. The other contract, worth £1.3m, is for a treatment plant to remove water colour from the River Glass in *Scotland*. The plant, at Newmore, near Invergordon, is for the Highland Regional Council and is to be fully automatic.

★

Orders totalling nearly *£700,000* have recently been won by RUBEROID INSULATION SERVICES for the application of Rubersil sprayed foam thermal insulation to insulate and weatherproof roofs of industrial and other buildings. Work includes: applying Rubersil to a northlight roof for J. and P. Coats of Alloa, Clackmannanshire, for *£115,000*, and to maisonette roofs for Monklands District Council, Scotland, for £55,000.

★

GUILDWAY, Guildford, has been awarded a contract by Horsham District Council worth over £200,000 for the supply of 40 units for a sheltered housing scheme at Middlemead, Steyning, Sussex. The total value to the contractor, R. Vinall (Henfield), is about £1m. The 40 unit complex consists of one and two person self-contained flats in several single and two storey blocks set in a quadrangle. A warden's unit is included.

FINANCIAL TIMES SURVEY

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Wales

The Principality is proving its ability to attract a solid slice of the limited amount of new investment now available to cope with the worst recession since the 1930s

Two faces of Wales: Llanwern steelworks and inside Rhyl's Suncentre, the biggest holiday attraction in the Principality

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This survey has been written by Robin Reeves, Welsh Correspondent and Rhys David.

Winning its share of new industries

By ROBIN REEVES

OVER THE PAST year, Mr Nicholas Edwards, the Secretary of State for Wales, has taken to qnoting the historian A. J. P. Taylor, in defending the impact of the Government's economic strategy npon Wales.

Describing Britain's economic performance in the 1930s, Professor Taylor noted that because new industries at first increased less rapidly than the old industries declined, "men saw that the race was being lost. They did not appreciate ultimately it would be won."

Mr Edwards argues that the same process is at work today. "The new technologies produce such a vast range of entirely unexpected products, that they create exceptional opportunities for new job creation.

Mr Edwards' model for the new Welsh economy is the Greater Boston area of the U.S. which, he stresses, eight years ago was suffering almost the highest unemployment in America. "People were talking of de-industrialisation, dereliction and decay as the old basic industries declined. Today Boston has about the lowest unemployment and the most rapid growth in America, based on the manufacture of mini and micro computers and all their related industries."

Certainly, Wales has been demonstrating a capacity to attract a share of the limited amount of new investment coming forward in the worst recession since the 1930s. South Wales has been benefiting, in particular, from the strong growth maintained along the M4 motorway corridor west from London, though there is still some resistance among potential investors to crossing the Severn bridge, despite the generous financial incentives available at the Welsh end of the M4.

In North Wales, the major industrial restructuring effort launched after the 1980 shutdown of iron and steelmaking at the British Steel Corporation's Shotton works, is also beginning to produce results. The latest among a number of major new projects attracted to the area is the Finnish-owned United Paper Mills, which is building a £135m automated pulp and paper mill on Deeside Industrial Park, creating or underpinning over 1,000 jobs in forestry and transport as well as those flowing from the mill itself.

Wales is also well placed in the keen UK competition to capture what promises to be one of the largest investment projects of the decade — assuming it goes ahead — the Japanese Nissan car plant. Wales has three of the five short-listed sites: namely, Llanwern, near Newport; Wentloog, near Cardiff; and Shotton, on Deeside. A decision from Tokyo is expected before the end of the year.

In the meantime, the advance factory building crash programmes launched by the Welsh Development Agency in the wake, particularly, of the heavy Welsh steel job losses over the past five years, have been attracting a steady stream of tenants. Last year, a record number of units was let to enterprises promising some 6,000 jobs over the next three years.

Outlook uncertain

Yet for all the encouraging developments, the overall picture is hardly a cheerful one. According to a recent assessment of Welsh economic prospects carried out by the Institute of Economic Research at the University College of North Wales, Bangor, since the Conservative Administration was returned to power in 1979, Wales has lost a third of its manufacturing employment base. "Areas of relative prosperity have been transformed by the recession into zones of considerable employment deprivation," it says.

It calculated that even on the most optimistic assumptions, a further loss of at least 10,000 jobs annually was in prospect. But it was more likely to be of the order of 24,000 job losses by mid-1984 and, combined with an increase in the workforce, could raise measured unemployment by 30,000 over a two-year period.

The study estimated that an annual GDP growth of 4 per cent — well above current projections — would be required to hold Welsh unemployment down to its current level of 161,000 or 15.3 per cent on the new calculating basis.

The forecast was made on behalf of the Welsh local authorities and their response was to call for an enhanced programme of capital expenditure on projects which they could bring forward over the next four years at an overall cost of £196.8m. This, they estimated, would provide nearly 7,000 direct construction jobs and 1,900 in the longer term to man the new facilities.

Yet, no sooner had these proposals been tabled than Welsh local government and local health authorities found themselves wrestling with the budgetary difficulties created by the Government's July round of public expenditure cutbacks, which trimmed £13m, or 1½ per cent, off the Welsh Office's budget.

The autumn may or may not bring a further round of public expenditure cuts. If it does Wales, because of the dominance of the public sector in many parts of the economy, could be hit disproportionately hard. Meanwhile Wales is having to brace itself for two policy statements which could have more far-reaching consequences. tion.

First, the outcome of the Government's review of regional development policy. The upsurge of unemployment in previously prosperous areas like the West Midlands has strengthened the argument that regional grants no longer create jobs but simply move them from one part of the country to another.

Fears that Wales is poised to lose a significant proportion of the £50m-£100m which regional aid grants pump into the Welsh economy each year may still prove unjustified. The CBI Wales has been sufficiently alarmed, however, to make special representations to the Government, stressing the importance of regional policy in encouraging Welsh industrial investment.

Blow to confidence

It insists that any move towards discretionary, as opposed to automatic(grants will be a blow to confidence and weaken the policy's value in attracting investmeot and promoting the modernisation of plant and machinery.

Secood is the policy to be adopted by Mr Ian MacGregor after his recent appointment as chairman of the National Coal Board.

The South Wales coalfield can hardly avoid being placed on the sharp end of a more vigorous policy aimed at reducing current UK coal production capacity by closing persistently unprofitable pits. Although the amount of coalmining in South Wales has been reduced dramatically since World War II, the coalfield's balance sheet has never really recovered from the dramatic cutbacks in Welsh steel in 1980 and the stiffening price competition from imported supplies.

The result has been that last year the coalfield lost a record £91m. Some 20 per cent of output was responsible for £72m of the loss, suggesting that as many as half a dozen pits and the jobs of around 3,000 miners could disappear.

The best the industry can probably hope for is for more closures to be accompanied by increased investment in new capacity, particularly anthracite production in the western end of the coalfield, which remains in good demand.

On the other hand, Wales's other traditional major industry, steel, appears to be finally emerging from the acute difficulties of the past five years. BSC's Llanwern steelworks has been regularly chalking up record production performances which place it amongst the most efficient steel plants in Europe, while Port Talbot has just been given the go-ahead to replace its hot mill at a cost of £171m.

With a £100m continuous casting facility commissioned successfully over the past year, Port Talbot's modernisation to the highest international standards is within sight of completion.

At Shotton, still the main BSC production centre for coated steels, productivity records have also been established regularly, as demand has picked up.

Even the Welsh steel industry's extremely painful turnround in social terms could prove short-lived, however, if the slow economic recovery fades—as some forecasts are suggesting. In fact, the most recent industrial trends survey from the CBI Wales hardly makes encouraging reading. It suggested that in contrast to the UK as a whole, the recovery in Wales might already have come to a halt.

The volume of new orders had fallen since April, output was static and export orders and deliveries were expected to decline, as were stocks. Last but not least, it also forecast an increased rate of redundancies this autumn.

Throughout the recession, Welsh Office Ministers have given first priority, within the tight parameters of the Government's overall economic policy, to laying the foundations for industrial recovery by pressing ahead with improvements in the basic economic infrastructure.

More roads

Long overdue Welsh trunk road improvements have been protected from public expenditure cutbacks. Not only have the remaining sections of the M4 motorway across South Wales been completed, but work is now also pressing ahead rapidly on building the A55 dual carriageway from the English border to Anglesey.

Important road improvements have been made, or are under way, in many other parts of Wales, notably in the industrial valleys and around Cardiff.

Initial hostility to other forms of public investment which encourage private sector investment and industrial growth has also been the subject of a quiet U-turn. Over the past year in particular, the Welsh Development Agency has been given every encouragement to step up and broaden its direct investment role in order to try to increase the birth rate of new Welsh businesses.

The industrial marketing and promotion effort has been streamlined and strengthened by the creation of WINvest—an organisation combining the inward investment roles of the WDA, the Welsh Office and the Development Corporation for Wales, the last now abolished. This autumn is due to see the launching of WINtech, a new organisation to encourage the take-up of new technology by existing Welsh industry and the creation of new enterprises by improving the inter-face between industry and Welsh academic institutions.

In the meantime, hardly a mooth now passes without the launching of a more locally-based initiative, such as a community enterprise trust or agency to encourage new local employment opportunities. The trade union movement in the shape of the Wales TUC has added its weight to the task—significantly, with substantial government finaocial aid—by establishing a Co-operative Development and Training Centre to help redundant workers launch their own co-operative ventures.

The new urban development graots have beeo mobilised to accelerate the redevelopment of dockland and associated areas in Swansea and Cardiff. A new enterprise zone has also been designated in Flint and another is planned in Milford Haven to try to revive the fortunes of two particularly bad Welsh unemployment blackspots and emulate the good results so far achieved by Wales's first enterprise zone at Swansea.

Yet all these infrastructural improvements will be to little avail without a more vigorous and more sustained general economic recovery. Mr Edwards' dream still remains a very long way from realisation.

The Welsh Development Agency's new aim is "caring for Welsh enterprise"

Drive to expand joint venture funding

CHANGE WAS already in the air at the Welsh Development Agency before tha sudden, sad deaths in the past year of Mr Stephen Gray, the agency's second chairman, and Mr Ian Gray, managing director of the WDA during its first seven years' existence.

However, the arrival of Mr John Williams, former chief executive of BOC and a director of Harland and Wolff Belfast, as the new WDA chairman, and the impending appointment of a new managing director has given a bigher profile to the changea of approach now being adopted by the WDA in its efforts to strengthen and improve Wales's industrial economy.

Mr Williams sums up the agency's new aim as one of "caring for Wetsh enterprise"—both by encouraging e higher birth rate of new enterprises and urging existing Welsb business to take maximum advantage of its opportunities for expension and diversification.

"We are taking a rather broader view of the issues end responsibilties. the problems and the opportunities wbich we have to address. We want to get the Idea around that there is help available for those who want to help themselves. In existing businesses as well as new ones."

Since It was first established in 1976, much of the agency's energies have been taken up in responding to the crises stemming from the rundown of employment in the Welsh steel industry. Crash industrial estate and advance factory buildiog programmes to help offset the rundown of the East Moors, Cardiff, end Ebbw Vale steelworks were no sooner under way than the agency was faced with tackling the further massive job losses in other steel closure areas, notably Shotton in North Wales, the Newport erea (Llanwern), Port Talbot, and Llanelli.

As a result, since 1976, the egency has built more than 1,100 new factories totalling 6.35m sq ft. During 1981-82, it was completing, on everage, more than one new advance factory a day—as the first step towards bringing new and more diversified employment opportunities. Combined with the premises it inherited from the Welsb Industrial Estates Corporation, its total property portfolio is now close to 20m sq ft.

Thanks to e vigorous marketing effort, and a relaxation in the rules governing tenancies—factories ere no longer limited to manufacturing enterprises only—the agency has been maintaining a good lettings record. Despite the difficult economic climate, in the last financial year it allocated a record 276 factories totalling 1.63m sq ft to new tenants promising some 6,000 new jobs over the next three years.

Sharp rise

Even so, its stock of unlet premises has inevitably risen sharply and currently stands at nearly 15 per cent of the total portfolio. As a result the factory building effort bas been cut back for the time being. For the foreseeable future, fectory investment will be devoted to ensuring that there is always an adequate range of premises of different sizes in various parts of Wales and to the revamping of older major estates.

At the same time, the WDA's latest building programmes include factories of new design, aimed at echieving e more efficient and flexible use of space and reductions in heating bills of up to 50 per cent.

John Williams, chairman of the Welsh Development Agency: encouraging a higher birthrate of new enterprises.

The agency with headquarters in Treforest, near Pootypridd has also begun work on the first two of what is eventoally envisaged as five or aix integrated high technology parks for "sunrise iodustries" throughont Wales. The first is on Deeside where a £2.5m, 60,000 sq ft Newtech Ceotre is being established in association with the North East Wales Institute of Higher Education research department, and the second at Cleppa Park, elongside the M4 et Newport, where up to 19 units in a seven-acre parkland setting are being built et a cost of £3m.

The units, to be let at rentals of £3.50 to £4.00 a sq ft, are earmarked for manufacturers or assemblers of technological hardware, small research operations, or perbaps a software service seeking a prestige base.

And, elsewhere in Wales, the agency bas taken on board e Gwynedd county council scheme under which grants of up to 35 per cent are now availabla for converting redundant buildings in rural areas—old barns, redundant chapels and the like—into industrial premises.

Hand in hand with these changes in factory building policy has gone a radical streamlining of tha agency's marketing effort. For the past 25 years, the job of attracting overseas inward investment has fallen mainly upon the Development Corporation for Wales, a body funded by Welsh industry, local authorities and, latterly, the WDA. Earlier this year bowever, Mr Nicholas Edwards, the Welsh Secretary of State decided to amalgamate the inward investment responsibilities of the Welsh Office Industry Department, Devcorp, and the WDA in a new unified operation, WINvest—Wales Investment Location.

The significance of the change is that WINvest is geared to offering specific premises and firm financial aid packages to potential inward investing companies, whereas Devcorp was limited to marketing and promoting Wales's industrial virtues.

To help established industry within Wales the agency has also been strengtheing its services to small businesses and working on ways of improving its coordination with the industry-related activities of local authorities and the rash of local enterprise agencies which have recently sprung up in various parts of Wales in response to the current economic difficulties.

It has also launched a new subsidiary, Executive Secondment (EXSEC for sbort) which is devoted to arranging for skilled and experienced managers from large companies to join small companies for limited periods to tackle specific problems. Shell, BP, ICI, Kelloggs, Allied Steel and Wire, and Control Data were among the first companies to agree to release managers, whose salaries they continue to pay, while the WDA meets EXSEC's administrative expenses.

New thinking

Significant changes have also been taking place in the WDA's direct investment ectivities. The first sign of new thinking was the leunching, just over a year ago, of a special venture capital subsidiary, Hafren Investment Finance, and it proved an immediate success. The intial £1m share capital bad soon to be doubled and, earlier this year, discussions were opened with a number of City institutions with a view to launching an even bigger joint venture capital fund of some £5m.

Meanwhile, in the first nine months of Hafren's operation, the agency received 1,100 enquiries for funds (a major attraction is that capital is available in amounts as small as £10,000) and by the end of the financial year, investments totalling £606,000 were being made in 13 enterprises, 10 of them attracted to set up in Wales.

They include manufacturers of miniature closed-circuit TV cameras, inflatable play structures, electronic control equipment, satellite TV antennae and computer systems. More investments heve followed since.

At the same time, Hafren's launch has been accompanied by e more active use of the agency's original financial investment machinery. By tha end of the financial year, the WDA's net investmant portfolio had increased from £10.5m to £15.7m with nearly a third of the new investments in projects involving a high degree of technical innovation.

Since then, it has also launched a "Seed Capital Fund," to provide unsecured loans of £2,000 to £20,000 towards promising projects requiring capital to get off the drawing board and into commercial production. Until now, agency funding has been availabla only to innovators eble to demonstrate a working prototype.

These loans are being made at a fixed rata of interest (currently 11 per cent) but capital repayments are deferred for three years, after which repayment is due in full.

The agency has also launched a new type of variabla interest rate loan to aid companies expanding out of a difficult period or facing unpredictable growth rates or a highly variable turnover. Interest is negotiated as a percentage of sales or net profit and varies from 10 per cent to 20 per cent.

Interest payments under the scheme are deductible for tax purposes and capital repayments can also be waived for a period. The cost of the loan rising in line with the company's growth and/or ebility to afford higher repaymants.

Robin Reeves

Swansea's new marina will eventually provide 600 berths for craft.

The zone has attracted private investment of more than £12m

Swansea's enterprise pays off

WITHIN THE next few months tha last of the spoil tips which have disfigured the Lower Swansee valley—at one time one of the worst areas of industrial dereliction in Europe—will have disappeared.

Instead, the area, running down towards the centre of the city now houses a variety of warebousing and factory units, with occupants ranging from Marks and Spencer to small local companies — all clients attracted to operate in the city's Enterprise Zone.

The Swansea zone—the first to get under way some two years ago—has attracted total private investment of well over £12m, in developments covering more than 700,000 sq ft, with at least as much under negotiation.

75 firms

The number of firms involved in moves into the zone totals toore than 75, with roughly two-thirds being totally new projects, or branch developments, and the remainder relocations.

New jobs created have reached more than 365 with rather more than that figure among the relocations. With the addition of jobs likely to materialise from developments atill under way, the total reaches almost 1,300.

"The enterprise zone concept and the Lower Swansea valley location were In a sense made for each other," observes Roger Warren-Evans, a former director of Barratt Developments, the housebuilding group, and now director of the Swansea Centre for Trade and Industry—the city council's industrial promotion arm.

For some years before the zone idea bad been dreamt of by the then Chancellor of the Exchequer, Sir Geoffrey Howe, the city council as the main land-owner in the area had been pushing ahead with the Welsh Development Agency on the clearance of the valley—for much of the last century the world's main centre for the production of non-ferrous metals.

The result was to release large quantities of potentially good land for industry in e restored environment in the centre of the conurbation close to the city facilities available in Swansea, and near to the main railway lines and to the M4. "It would bave been the most successful estate in the city even without status because of its geographical position and environmental quality. The zone bas, bowever, greatly accelerated the rate of new development and the rate of retrieval from dereliction," Roger Warren-Evans says.

Developments within the zone bave been carried out by both the private and public sector and cover a wide range of activities. The city council up to March 31 this year bad spent e total of £8m (including £3m before designation of the zone) on acquisition of land, land clearance, infrastructure, provision of services, and landscaping, and has also built its own nursery units.

A further £2m is being spent this year, with another £5.5m over the next three years. Aid towards the cost of the various improvements undertaken by the city bas come from the Welsh Development Agency, the European Regional Development Fund and the Welsh Office.

From the private sector e new company Enterprise Zone Developments, specially set up by a local businessman to provide accommodation within the designated area, has successfully completed a first scheme and is working on others. Other companies, both local and national, have arranged the building of premises to their own requirements.

Establishments which have moved into the zone include Renanlt and Ford dealerships, beer distribution (with public house on part of the site), timber and DIY products distribution and retailing, builders' merchants, furniture and carpets distribution, and tyre sales.

Supermarket

Tesco bas opened a supermarket in the zone, and Debenhams, which has recently opened a city centre store in Swansea, bas a warehouse in the zone, as, too, does Marks and Spencer. A new hotel is also planned by Comfort Hotels, aimed at the business and family market.

Manufacturing activities attracted to the zone include some small scale clothing and engineering, but in total the proportion of jobs in this sector within the zone varies little from the now comparatively low share in the UK economy as a whole. To e large extent, as Roger Warren Evans points out, this is because the adventagas of a zone location can be marginal for manufacturing, which can get benefits such as capital allowances elsewhere.

As it turns out a major attraction of the zone has been the relative freedom from planning controls. This has enabled companies to carry out under one roof a range of activities—retailing, showrooms end distribution—which planning use regulations would have discouraged elsewhere.

With not far short of 50,000 people unemployed within 20 minutes of Swansea—including some 20 per cent of the total male workforce—the contribution which the zone is making towards job creation is clearly small but, according to Roger Warren Evans, it is having e catalytic effect.

"Three-quarters of the businesses attracted into the zone have been local to South Wales. The fact that the local economy has been able to generate that amount of activity has its own consequences. Others want to follow those who have shown a keenness to set up in a new environment, or in more modern premises, in the zone."

Rhys David

New marina should boost tourism

THE SWANSEA enterprise zone is only part of the overall economic effort now being mounted in the Swansea area, which has experienced over the past five years an acceleration in the shift away from its previous dependence on metal manufacture.

Apart from the major reduction in the labour force at the nearby Port Talbot works of the British Steel Corporation, there have also been big job cuts locally in nickel and aluminium, and in downstream processes such as can manufacture.

To encounter this, the Swansea Centre for Trade and Industry pursues e conventional inward investment drive aimed at attracting new employment from elsewhere in the UK and abroad, but it combines this with other imaginative epproaches.

It runs e series of business training courses at weekends for entrepreneurs on subjects such as marketing, handling finance, going solo, and taxation, and on the duties and responsibilities of being a company director.

There are also walk-in business advice sessions every day, and a business information service enabling businessmen to consult trade directories, and reference books, as well as obtain information on patents, franchises, and products and services obtainable locally.

Other services include a small business club where entrepreneurs can gain mutual support, a "saplings" scheme to equip young people with business skills, grants to help new businessmen overcome small technical problems, such as patents registration, and finance for firms setting up in the area.

As part of the overall counselling service the centre's director, Roger Warren Evans, has his own half bour magazine once a week on local commercial radio, as well as a daily five minute business advice spot.

The city, too, has its own development company, Swansea City Development, one of several established by local authorities in various parts of the country to sidestep restrictions — subsequently removed by the Government—on the commercial activities of councils.

Infrastructure

The Labour-controlled local authority in Swansea has adopted this epproach as part of an overall commitment to pump-priming across a broad field. The aim has been to create the right infrastructure for industry and at the same time provide a range of amenities and facilities which will make the city attractive to live and work in.

Total spending in the enterprise zone, spread over a number of years is set to reach more than £15m, with the Government and the EEC —sources the Council has become expert in tapping—making major grant contributions.

A new athletics stadium and sports complex lower down the valley has so far cost £2.5m, with a similar sum still to be spent, and £1m is being spent on reclamation work in the Mumbles area to improve facilities for launching yachts and other pleasure craft. The municipally-owned Grand Theatre is also being extended and refurbished at a cost of around £4.5m.

The city has been helped in financing these large capital projects by skilful exploitation of its position as the main landowner — a position built up through a policy of acquiring land as it has become available over the years. Land bas been leased back to developers for a premium (plus small annual rental). Under government rules Swansea has thereby qualified for an enhancement by e similar amount of its capital allocation.

The most ambitious scheme of all is the development of a maritime quarter in the disused west of the river section of Swansea docks, and with the recent signing of a £10m hotel contract, it appears to be winning the boped-for backing from private sector developers. The botel development, by Ocean Properties of the U.S., forms part of a total proposed commitment by developers of £45m on a range of commercial developments including housing, recreational and business schemes.

The city itself had spent £10m on the maritime quarter by the end of March this year —mainly on land acquisition, infrastructure, surfacing of quays, renovation of buildings and general improvement of the area. Further expenditure of around £6m is planned before the scheme is completed.

165 berths

The marina, operated by a new company Swansea Yacht Haven, opened at the end of last year with all 165 berths in phase one already taken. Phase two accommodates a further 150 berths and ultimately the total on site will reach 600. The development, the first purpose-built urban marina in Wales, is expected to boost considerably Swansea's growing importance as a tourist centre.

R. D.

Mid Wales chases the orders

"WE ARE TRYING all the time to ensure that the producer has an order in his hand," Mr Roy Evans, Mid Wales Development's marketing director, stresses. "Orders are the key, whether it is a question of getting finance from the bank for further expansion, or simply keeping existing capacity running."

Mid Wales Development—the new, slicker, title adopted by the Development Board for Rural Wales in the past year—has a clear idea of its immediate priorities. Established six years ago as an antonomous country cousin of the Welsh Development Agency to tackle the century-old problem of depopulation from Mid Wales's rural districts, MWD is applying an increased effort to ensuring that the wide range of companies which have put down roots in Mid Wales in recent years are able to survive and prosper in today's far more exacting economic climate.

Gone are the days when Mid Wales industry consisted largely of local businesses connected mainly with agriculture and tourism. A sustained effort to attract new job opportunities, aided by the 1970s industrial location trend which saw many small businesses moving from inner city areas to rural environments has begun to give Mid Wales a significantly more diversified economy.

A buyers' exhibition staged by MWD at the Cafe Royal, London, earlier this year—astonished those who attended with the variety and sophistication of the Mid Wales products on show. They varied from advanced electronic asemblies and engineering goods to high fashion knitwear and clothing (Mid Wales is the home of the Laura Ashley group) and gift products.

But the local market is of course strictly limited. In order to prosper, most Mid Wales companies need to sell outside the region, and as part of a comprehensive "after care" service which MWD has developed for all businesses in the region, it is making arrangements for local companies to attend no less than 35 trade exhibitions in the current financial year, not only in the UK but also, on the Continent and in the U.S.

And, according to Roy Evans, it is already producing valuable feedback, not only in the shape of significant new orders for local industry, but also—of greater significance in the longer terms — ideas for new prodnets.

Warm welcome

This enhanced effort reflects a recognition by MWD that it can no longer look forward to a dramatic upsurge in the number of companies relocating to the region, though it has every intention of ensuring that inward investment continues to make its contribution. Companies wanting to establish in Mid Wales will continua to be assured a warm welcome.

Bnt, since 1979, as well as being hit by the onset of the recession and tha mounting competition for footloose industry from the rest of the country, MWD has also had to grapple with the consequences of the withdrawal of regional development grant status from some 60 per cent of its operating area—as part of the Government's public expenditure economies.

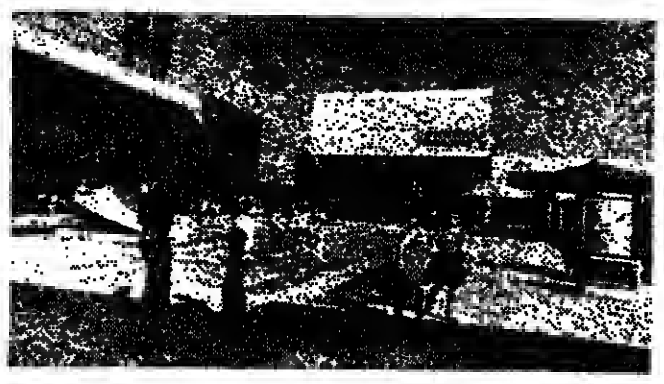
By way of compensation, the Government finally agreed last year to make £350,000 a year available for the introduction of a "Mid Wales Development Grant," administered by MWD.

Tn maximise its attractiveness to potential investing companies, MWD is nndertaking tn give any company applying for the grant—as part of a relocation package—an answer to their application within a fortnight.

This kind of professional approach, combined with some imaginative promotional campaigns also unusual for a statutory organisation, such as sponsorship of a show-jumper, helicopter visits for potential investing industrialists, and special management bac..-up during the settling-in period for companies that want it, is continuing to bring new and expanding ventures to Mid-Wales, in spite of the inauspicious economic climate.

From the outset, MWD has also put a great deal of effort into encouraging a greater entrepreneurial spirit within the region — in order to improve the birth rate of small businesses and therefore new job opportunities. Its initiatives include schools programmes (which, interestingly, have established that a high proportion of youngsters in Mid-Wales would like to stay in the area given the right job opportunities) -and business management courses specifically tailored to give participants the skills and confidence to go into business on their own.

It also attaches a great deal of importance to its power to make grants to improve social facilities. The immediate impact of a modernised community hall or the building of small sports hall may not appear large, but after six years the cumulative effect of making Mid-Wales an even more ottractive place to live and work is now beginning to make itself felt.



Cwmbran town centre draws shoppers from all over the county

Cwmbran's advance factories in demand

THE DAYS of new town corporations may be numbered, but Cwmbran Development Corporation is determined to maximise its contribution to the regeneration of the recession-hit local economy of Gwent before it is finally wound up at an, as yet, unannounced date in the mid-1980s.

Mr Geoffrey Inkin, the recently-appointed new chairman of the corporation sees no point in winding down its activities when so mnch still needs to be done to restore Cwmbran's economy to economic health.

Established in 1949, the corporation has built more than 1m sq ft of factory space, as well as some 9,500 bomes and a major town centre, boosting the population of the designated areo from 12,000 at the outset to some 45,000 today.

The town centre, which attracts custom from all over the county, contains nearly 300,000 sq ft of shopping space and 168,000 sq ft of office accommodation.

But since the onset of the current recession, the corporation bas been called upon to make a special contribution towards tackling the job losses in the area's traditional industries, notsbly those stemming from the rundown of employment at the British Steel Corporation's Llanwern steelworks, near neighbouring Newport.

The Llanwern cutback of some 5,000 jobs led to s special £8m Treasury grant to the corporation which it has used tn develop a major new 130-acre estate, Llantarnam industrial park.

It is proving to ba a great success. Thanks to o new access highway, linking Cwmbran more directly with the M4, the new estate is now only five minutes drive from the motorway and letting of factory units ranging from 750 sq ft to 10,000 sq ft has gone well.

Indeed, Cwmbran is presently in the happy position of having only 19 of its 319 advance factories unoccupied, and 12 of these, at the last count, were about to be let.

In the circumstances, the corporation is pressing ahead with the second phase of development at Llantarnam and the centrepiece is to be its most ambitious ever industry project—a £1m high-technology centre.

One Llantarnam-based company, Datatype Terminals, is already showing the way. It began in a nursery unit on the estate only some two years ago, but has now expanded rapidly into one of its major employers, taking over a 16th-century farmhouse and a major new factory unit.

Moreover, it is by no means an isolated example of Cwmbran's ability to attract new technology industry. Just down the road, Ferranti has recently completed a £15m complex to design and manufacture new-generation computer systems for air and ground control in military and civil applications.

Three other major Welsh microelectronic developments, the Inmos plant at Newport, Mitel Telecom at Caldicot and Comdial Communications at Cardiff, are also within striking distance.

Robin Reeves

Neath seeks high technology ventures

IT IS less than two years since the International Thomson Organisation got together with local authorities and major companies in the Neath area of West Clamorgan to establish the Neath Development Partnership—an experiment, inspired by the CBI's special programmes unit, which aims to achieve economic regeneration through a mixture of private and public enterprise.

Despite the short-time scale, the partnership already has soma significant results to show for its efforts to rebuild a local economy where unemployment has soared from 5 per cent to 16 per cent (on the new calculating basis) in the past three years.

Within the past few weeks, it has been able to announce a £5m project to build the most comprehensive dry ski complex in the UK and a contract with the electrical group Philips to produce microelectronic components, in association with another partnership initiative, Neath's Information Technology Centre.

Mr John Carr, Business Development Director, describes the partnership's role as essentially one of "putting together packages of other people's money" for investment opportunities which it has spent two years identifying and creating.

There have been three prongs to the partnership's attack on the Neath economy's problems. The first has been the building of small business workshops which, as elsewhere in Wales, have found a ready market. At the last count 34 of the first 36 lettable units had been taken, and construction of a further 10 workshops is underway. Snch has been the recent growth in enquiries that John Carr now sees a discernible need for slightly bigger units—in excess of 1,000 square feet — though the trend will bave to be stronger before any firm decisions are taken.

The second initiative bas been to give Neath a stake in new technology by taking up the Government's scheme for establishing a network of Information Technology Centres, to give young people training and work experience in computer and related skills. Another member of the partnership, Metal Box—traditionally but, as a result of a series of redundancies, no longer Neath's dominant employer — provided tha premises, and the Department of Industry, Manpower Services Commission, and the local authorities, the finance.

It was thanks to the drive provided by the partnership's small team that Neath's Information Technology Centre was opened last April—the first to get off the ground in the region and one of 11 eventually planned for the whole of Wales.

Breakthrough

As well as providing training and work experience for 40 young people at a time, the Neath Centre bas also been given a commercial dimension. Even before the breakthrough contract with Philips, it bad already geared itself to a certain amount of research and development work and low volume production of new products, by establishing an independent company linked to the Itech.

The third prong of the partnership attack on the area's economic problems has been the development of its considerable tourist potential. A comprehensive study, unveiled late last year, identified nine major projects worthy of investment and/or promotion. They range from a canal leisure park, based upon restoring the Neath and Tennant canals, and Aberdulais basin, and the exploitation of a number of significant industrial archeological sites in the Neath valley, to craft workshops, and an aquarium utilising redundant reservoir tanks.

The most ambitious idea was the proposed dry ski centre planned on a hillside above one of the area's existing attractions—Penscynor Wildlife Park. B.O.A. Construction and Development Inc.—a Celtic-U.S. Partnership linked to the Cardiff-based Bristol Channel Ship Repair gronp and formed to develop projects mainly associated with the leisure industry, has agreed to undertake tha project.

When completed the ski centre will employ some 200 people.

R. R.

PROFILE: TARGET COMPUTER GROUP

Company that lives up to its name

FOUR YEARS AGO, international chartered accountants, Mann Judd, agreed to merge with one of their rivals in the accountancy business, Touche Ross. The merger set the scene for the rapid development of a Cardiff-based compnter services group which is making a significant impact not only in the UK but also abroad.

The Target Computer Group was originally the consultancy division of Mann Judd. But in 1979, it becama the object of a management buy-out. Touche Ross also had a consultancy division and it was decided to sell off Target as the more commercially-oriented of the two divisions.

Since then, Target has grown by a series of acquisitions from a small company with one office, 12 employees and a turnover of £270,000 into a UK-wide business with six offices, 200 staff and a turnover approaching £2m. As a result of this growth, Target is bursting at the seams in its present head office and so has decided to move its headquarters shortly to larger premises ou the outskirts of the Welsh capital.

The four men who took over as directors of the independent company—Chris Davis, Grant Hawkins, Stephen Rowson and Stephen Royal—were already veterans of the computer services industry and determined to build np a soundly-based business. The main thrust of Target's activities remains the design, development, and installation of software packages for both large and small companies, using its background and expertise in the acountancy and financial fields.

The core staff has been together since the early 1970s and developed some good software design and development techniques.

"We have always been applicotions, rather than programmes, oriented. We are interested in what the computer can do for the client rather than its general mechanics," stresses Chris Davis. He attributes Target's success to its ability to get good, well-proven, systems working quickly and at low cost.

Wide range

The net result has been a wide range of contracts, varying from the installation of payroll and personnel packages for the Notionwide Building Society, and a complete mortgage processing system for the Chemical Bank, to tailor-made packages for small companies with as few as four staff.

Bnt the directors were acutely conscious from the outset that the software business, while profitable, produced an erratic cash flow, which has been the downfall of a number of companies. They therefore decided early ou that it was essential tn "bolt ou to the side of the business" an activity which would produce a steady revenue. The npshot was a deliberate decisinn to build np a data preparation divisiou as an integral part of the business to order to provide a more solid financial base.

Keying information from consignment notes and forms into a computer is not a particularly glamorous activity. The market is totensely compotitive and the profit margin is low. But it prodnces a very good cash flow. By providing a high standard of service, and guaranteeing security and regularity, Target has built np data preparation into a fundamental part of its business.

Its clients include examination boards, health anthorities, foreign banks, and local authorities.

The third section of Target's business is a computer burean service. This partly feeds off data preparation. For instance, Target gives Avis, the car rental company, a rash sales analysis each day from its data preparation work. It also stands in its own right. Target's clients vary from major companies sucb as the U.S. General Telephone and Electric company and Vickers, the UK engineering gronp, to a local holiday company which uses Target to process its tour information.

In the immediate future, Target's most rapidly-expanding activity is set to be its Business Systems Division, selling complete hardware and software packages "off the shelf." Over the past year and a half, some £10,000 a month has heen invested in equipment, sales people and programmes, preparing the ground for expansion. Marketing agreements have been tied up with IBM, ICL, Honeywell, Sporry, Memnry, and Xerox to provide a comprehensive range of hardware for systems ranging in price from £1,800 to £180,000.

A number of Target's competitors have tended to stick with one or two hardware manufactnrers, but the company argues that the wider range allows it tn tailor the system exactly to tha client's requirements.

It has recently sold its systems to a number of building societies, and the Trustee Savings Bank, and landed an order for seven systems for John Hall Tools, a Cardiff-based national tools supplier.

Some business is also flowing from its burean activities. A number of companies which began using Target on a bureau basis are now installing their own hardware and purchasing the same software from Target. The advantages of this is that the client's system can be phased in gradually, with Target's facilities available as a fallback, shonld any snags arise in the toterim. Overall, the company is presently to negotiation with some 80 potential clients.

But equally, Target's directors are aware of the danger of overstretching the company's resources by over-rapid expansion. From the beginning, all Target's capital tovestments have been subject tn a self-imposed proviso that repayment must be achieved within three years.

Having bulit np the company on such financial discipline, and on a reputation for delivering precisely what the client requires. Grant Hawkins, the finance director, stresses that Target has no intention of gambling with its good name by taking on more business than it can handle at any ona time.

R. R.

Tourism proves a thriving market

NOT MUCH more than 100 years after industrialisation first began to spread down the South Wales valleys, tourism is beginning to be seriously talked about as a new prop to the local economy.

Several companies are now organising coach tours, usually based on Cardiff, Newport and Swansea, taking visitors to look at the area—the attractions of which have become more apparent again with the removal of eyesores such as tips—and to study their past through a variety of museums and interpretative centres now springing up.

The hope is that tourism can do for the Rhondda and the other mining valleys of South Wales what it has done for moch of the rest of the Principality. Over Wales as a whole tourism is now estimated to account for 90,000 jobs, more than four times the number employed in mining.

Wales now ranks as the secood most important tourist region in the UK after the West of England with total revenue from British and overseas visitors estimated at £475m in 1982.

Despite a late start, this year is also likely, thanks to the good weather, to prove a strong one. Bookings in some sectors of the market are estimated to have been up by as much as 20 per cent in August.

The impact on particular areas has perhaps been the most remarkable element in the industry's success. The mountain-locked, and frequently mist-enshrouded, town of Blaenau Ffestiniog has been managing to attract more than 1m visitors a year to its tourist railways and slate caverns. Swansea, not previously a tourist centre of any significance outside South Wales, has with the development of a new enclosed marina—part of a rapidly developing maritime quarter around a disused dock—begun to attract visitors from a wide area.

The relative strength of the tourist industry in Wales has been achieved with the help of considerable hard work over the years on improving facilities and in changing attitudes. In the past 14 years since it was established as the statutory authority for the industry in Wales, the Wales Tourist Board has disbursed a total of £17m in grants and incentives to more than 1,000 different projects and this has generated total investment of nearly £60m.

100 attractions

A large part of these funds has gone towards the creation of the 100 new attractions built in Wales in recent years—wildlife parks, industrial museums, leisure centres among them—but an equally important contribution has been made towards the revival of the older Welsh resorts, most of which had by the early 1970s become rundown.

Starting on the North Wales coast at Llandudno and Colwyn Bay the WTB has assisted modernisation schemes at 30 hotels. Similar help has been given in South Wales at Tenby, and at Barmouth and Llandrindod Wells in mid-Wales. Attention is now being focused on Aberystwyth.

As a result it is reckoned that most resort hotels in Wales should be fully competitive in four or five years. "This enormous investment and associated marketing initiatives have helped to reverse the long years of decline in the fortunes of the resorts in Wales," the WTB chairman Lord Parry notes.

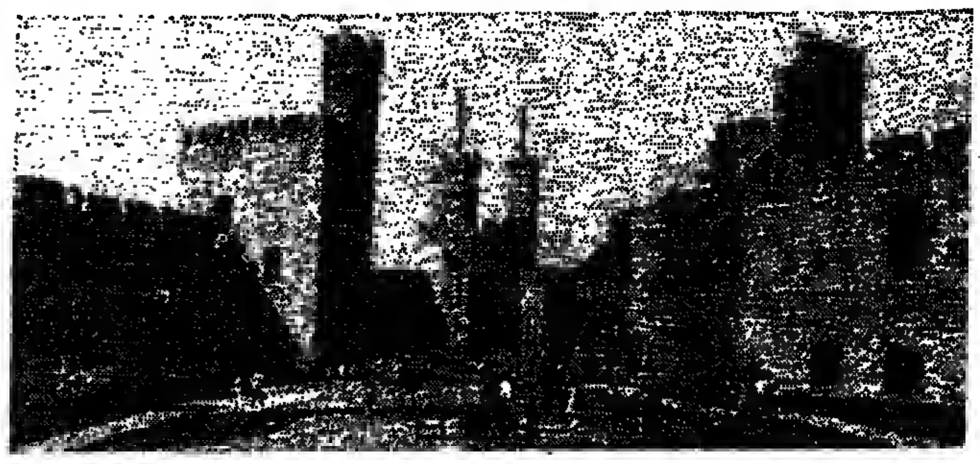
The WTB has also backed the building of new hotels, including one major new project in Cardiff. Altogether, since 1969, WTB support has helped towards the building of 6,000 hotel bedrooms in Wales and 8,000 additional bathrooms.

With the tourism market worldwide becoming ever more competitive the need to build on this record remains, as a growth strategy produced by the WTB earlier this year recognises.

The key objective laid down in the document is a modest annual growth in tourist spending in Wales in real terms of 2 per cent over the 1982 base and a net growth of at least 1,000 jobs per year. The WTB sees its first priority as holding the level of UK business by continuing to develop new marketing initiatives such as short breaks.

Winning a bigger share of the overseas business attracted to the UK is also regarded as very important. Depite its 12 per cent share of British holiday business Wales only gets 3 per cent of overseas traffic to the UK.

Much is goiog to depend, however, on the continued provision of new facilities, services aod attractions. The new strategy—which has been approved by the Secretary of State for Wales — eovisages further efforts to improve existing accommodation with completely new hotels only in areas with identified weaknesses. The shortage of large hotels is seen as one major gap but this will to some extent be filled by two major developments projected for Cardiff and Swansea, both of which have attracted Governmeot Urban Development Grants.



Caernarfon Castle, Gwynedd: the most famous Edwardian castle in Wales

Similar funding has been made available for a new hotel in Brynmawr in the valleys, where the very limited amount of accommodation is seen as a major constraint on plans to develop a tourist sector.

Efforts are also being made to ensure that a balance of activities suited to the needs of the sophisticated modern visitor is available in Wales, and that ettractions are spread throughout the Principality and not wastefully duplicated.

One early weakness was seen to be the lack of adequate facilities to cater for the boating enthusiast, whether seeking a permanent berth or wishing to stop over at different points along the coast. A major report has been prepared for the WTB by consulting engineers Wallace Evans and Partners which sets out a strategy for developing a chain of first-class marinas around the Welsh coast. Activity towards this end is already taking place in nine of the 14 potentially good sites specified in the report.

The board has asked another consultancy to prepare a development programme for inland water sport, recreation and tourism, aimed at identifying ways of utilising rivers, canals, lakes and reservoirs.

For all this, tourism in Wales does in some quarters remain controversial. There are fears of the effects of development on the cultural balance in Welsh-speaking parts of the Principality, where the spread of second homes is already an emotive issue. The WTB makes the claim, however, that far from weakening the language and culture of Wales, tourism has created thousands of jobs in rural areas, revitalising the trade of country towns, and safeguarding communities which, until recently, appeared to be threatened by rural depopulation.

Growth industries

Some 4,000 agricultural holdings in Wales are in fact engaged in some way or another in tourism.

Local authorities for their part have reacted enthusiastically to the idea of increasing tourist traffic, and have responded positively to a WTB initiative aimed at identifying sites and opportunities suitable for tourism investment in the various parts of Wales. This forms part of a major drive by the WTB to step up investment in Wales both by indigenous operators and, if they can be attracted, by groups, big and small, currently operating outside Wales. At the same time the Welsh Development Agency has increased its spending on infrastructure projects which could help to stimulate investment in tourism.

Major tourist and leisure projects already undertaken by local authorities in Wales include the Rhyl Suncentre which last year proved to be the biggest attraction in Wales, drawing 1m visitors, and in Swansea a leisure centre and the marina development. The latter has already stimulated substantial private sector investment.

In most of the rest of Wales the projects being sought will be smaller but no less valuable none the less. For the present at any rate, there seems little chance of manufacturing employment taking up more than a small part of the jobs slack in the remoter parts of Wales, whereas — the evidence suggests — tourism can.

Rhys David

Electronics growth gathers speed

WALES'S EFFORTS to build up a sizeable microelectronics sector has taken a further significant step forward in the past year. Within the past few weeks, U.S.-owned Comdial Communications Systems has unveiled plans to build a £13m plant at St Mellons, near Cardiff, to produce advanced telephone systems.

A few months earlier, the Californian Align-Rite Corporation announced the establishment of a £5m plant at Bridgend to produce semiconductor photomasks, a vital service in the manufacture of silicon chips. Interestingly, the company believes it may prove quicker to service its customers on the U.S. East Coast from Bridgend than California because of the time zones differences.

1m telephones

Comdial's 100,000 sq ft., highly automated plant will have the capacity to produce 1m telephones a year, with one of the main lines a "credit authorisation phone" for automatic credit card verification. This new system is to be marketed by British Telecom as System Silver, and the company has already had inquiries for the system from other parts of the world.

These two companies are joining a gradually-lengthening list of internationally-known companies in the electronics field which have put down roots in Wales and are prospering.

The 1970s were notable for the influx of Japanese consumer electronics producers with Sony, Matsushita's National Panasonic subsidiary, and Hitachi all establishing a manufacturing presence in Wales to serve the European market. They have since been joined by a fourth, Aiwa.

Since 1979, the gathering microelectronics revolution has seen Ferranti, Inmos and Mitel join two early arrivals, Siliconix and Control Data Corporation, and also some interesting developments in longer-established Welsh companies.

The AB Electronic Products group has been based in the heart of the South Wales valleys since the early 1950s, and was one of the first UK companies to begin manufacturing microelectronic components for IBM.

More recently it has moved from components into electronic instrumentation and electronic systems, and acquired subsidiaries specialising in defence and aerospace applications and thick film circuits.

Over the past year, AB has attracted widespread attention through its success in buying from the receiver, and turning round another South Wales microelectronics manufacture, Cleartone Electronics which is responsible for assembling the BBC's Acorn microcomputer. It has also landed a major contract to supply BL's Jaguar motor car subsidiary with advanced electronic control systems for its model range in the 1980s. This was after AB delighted Jaguar with its initial design and development work.

Mettoy of Corgi toys fame, has also been established at Swansea for many years. It was just a year ago that it launched a bold diversification into the home microcomputer market with the Dragon 32 home computer.

Its fortunes to date illustrate the high rewards and risks of and industry which is moving at such break-neck speed. Within weeks of the launch, Mettoy was forced to hive off its new product into a separate subsidiary, Dragon Data, and sell a major stake to Prutech and the Welsh Development Agency, in order to finance the expansion of production.

Last January, Dragon Data moved into new premises at Kenfig Hill in order to more than double production, and strengthen its place among the brand leaders in the rapidly-growing UK home computer market.

Working in Sony's television factory at Bridgend

Earlier this month, however, Dragon Data was the object of a surprise £2.5m rescue package after lower than expected summer sales created a severe cash crisis. Now the company insists that it has a good order book for the rest of the year when it expects to make 60 per cent to 70 per cent of its sales. A more powerful machine is about to be launched and next year Dragon plans to launch a series of small computers for business people.

Torch Computers, another micro-computer company, this time in North Wales, which has also been experiencing a bumpy ride, has just been given a £1m cash injection by the Welsh Development Agency and Newmarket (1981) investment trust to finance the expansion of its business computer, based on the BBC's Acorn personal machine.

Risks recognised

The risks inherent in the bid by the government backed Inmos Corporation to give Britain a stake in the standard, world-wide, semiconductor market were recognised at the start, but the futuristic-looking production plant at Newport is now operational and the Anglo-American venture is entering what has been described as its make-or-break phase.

Inmos has done well with its first device, a 16K static ram, and is now entering the 64K dynamic ram sector with a chip which incorporates special features which Inmos hopes will give the product an edge in a range of applications.

Inmos is also developing what it believes will be a winning innovation, the transputer, a very fast microprocessor capable of handling perhaps 10m instructions per second. The company believes transputers can overcome the limitations of regular microprocessors, and provide the designer with an electronic logic system that relates more closely to the real world.

A number of small Wales-based ventures have also been carving out significant niches in the rapidly-developing software market. Data Type at Cwmbran has grown from a two-man operation five years ago into a company whose turnover this year is expected to reach over £7m, as a result of the success of its specialist graphic terminals. These have been purchased by U.S. National Aeronautics Space Administration (NASA) for use at the Kennedy Space Centre.

Redkite Software in Swansea has also won U.S. orders for its software, which enhances Digital's computer systems without involving expenditure on additional hardware.

In Cardiff, Computer Business Systems (CBSL) and Target Computer Services have both carved significant places in the UK market for specialist systems for the accountancy, legal and financial fields.

South Wales has also established an important place in the epplication of microprocessor technology to the amusement and gaming industries, with JPM (Automatic Machinos) and Cirtech among the companies involved.

The Welsh Development Agency, as well as providing financial backing for a significant number of microelectronics ventures, is also now moving fast to ensure an adequate supply of suitable accommodation. Specialist high technology centres are being built at Cleppa Park, near Newport, and on Deeside Industrial Park, where the Newtech Centre will be linked with the North East Wales Institute's research department. The agency eventually envisages some five to six such centres throughout Wales.

New estates aimed specifically at knowledge and science-based industries are also going ahead in Gwent, notably at Manhilad, near Pontypool, and in Mid-Glamorgan. Align-Rite Corporation is the first development on what is eventually planned as a 90-acre science park, et Bridgend.

This autumn is due to see the launching of another initiative aimed at further accelerating Wales's move into the microelectronics age. The precise form "WINtech" (as it is to be called) will take is the subject of a feasibility study by chartered accountants Deloitte Haskins and Sells but it will be aimed at enhancing Wales's attractions, for inward investment in high technology fields and encouraging Welsh industry to embrace the microelectronics revolution.

At the same time training in computer skills is being stepped up. Clwyd, Gwent, Mid-Glamorgan and Neath are among a number of local authorities which have invested in specialist training facilities. In Clwyd and Neath's case, the training facilities have also been geared to producing electronic assemblies for the commercial market.

Robin Reeves

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FINANCIAL TIMES

Wednesday September 28 1983

Debate grows on potato price levels, Page 38

WALL STREET

Transport stocks hit heavy going

TRANSPORT STOCKS took a battering on Wall Street yesterday under the combined forces of a chilly reception to the latest large rail merger and worries over labour difficulties among the airlines, *writes Gordon Cramb in New York.*

Although no rail or air issues are directly represented in the Dow Jones Industrial average, the discomfort created was enough to set going a selling move which remained moderate in volume but was intensive in scale, pulling the Dow 12.80 off its peak set on Monday to stand by the close at 1247.97.

Turnover reached some 81.4m shares, down from Monday's 86.4m, while 1,123 shares showed losses against 451 with gains.

The Dow Jones Transportation average, embracing 20 leading stocks in the two sectors finished 18.95 down at 565.91.

At the same time, the outlook for U.S. interest rates was thrown into some confusion after a dip in the interbank Federal Funds rate in very late dealings on Monday. The rate went from an 8.95 per cent average during official business hours down to at least 8 per cent, with dealers reporting some trades as low as 5 per cent.

The plunge – coming at a time when many in the market were beginning to discern an easing in the authorities' credit stance – was attributed yesterday at least in part to computer difficulties at a New York money centre bank, which would have distorted the borrowing picture within the Federal Reserve system.

But one dealer also pointed out that, with the banks anxious to square their books before this quarter ends on Friday, some "may have overdone things" and would be seeking to skim off some of the surplus liquidity by offering reserves at a more attractive level.

Funds returned to 8¾ for much of yesterday before declining again to 8½, but the result was a dwindling of retail business in the government securities markets ahead of any clarification.

The Fed itself is loath to comment on such distortions, and the institutions operating in the credit markets were moved only to undertake small movements in rates.

Recent concerns that a lack of breadth in the stock market's advance could precipitate sharp selloffs were given substance yesterday as, triggered by the transport jitters, selling spread to nearly all sectors.

Santa Fe and Southern Pacific, the two rail systems which announced a proposed tie-up under a new holding company, came down a respective $2⅛ to $32¾ and $2¾ to $37¼. Competitor railways serving nearby regions were also affected, with Burlington Northern off $2⅜ at $97¼, and Norfolk and Southern $1⅞ at $66¼, and CSX at $¾ at $73¾.

Of the airlines, Eastern, which told its workers to choose between wage cuts and bankruptcy proceedings, was actively dealt to drop $⅜ lower at $4⅜. Others under selling pressure included American Air Lines (AMR), down $2, at $27⅞, and UAL, off $¼ at $29½.

The Transportation average includes all these stocks.

In addition, Boeing, dependent on prosperity in the airline industry for future orders, dipped $2⅞ to $39⅛ after two earlier blocks of 100,000 shares apiece were crossed at $41 by Kidder Peabody.

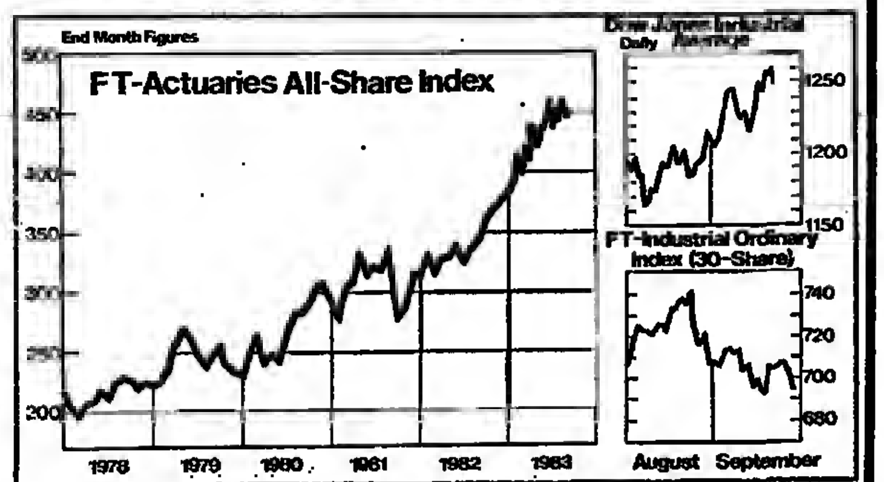
On Wall Street itself, broker Merrill Lynch was hit by reports of possible losses from a transaction default in Spain. Its stock, heading the actives list, slid $2⅞ to $34¼, having already been weakened in recent weeks by lower earnings forecasts.

The financial services side showed Allegbany $3⅛ down at $67⅞ on the planned sale of its major unit to American Express, which fell $1⅛ to $36⅞. Baldwin United was savaged $1¼ down at just $3¼ after seeking court protection for many of its units.

Elsewhere, Schlumberger fell an active $1½ to $54⅞ with a morning block of 200,000 at $55 crossed by Lehman Bros. One of the few firm points was Heinz, up $⅝ to $46½ as it began a repurchase programme of up to 3m shares, albeit over "an extended period."

With the Fed again staying clear of credit market intervention, the discount rate on short-term Treasury Bills edged down three basis points from Monday's averages to 8.69 for the three-month and 8.84 for the six-month. The 12 per cent long bond of 2013 held at its overnight 104 24/32 to yield 11.43 per cent. The corporate and municipal markets were similarly lacklustre.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Sept 27	Previous	Year ago
NEW YORK			
DJ Industrials	1247.97	1260.77	920.9
DJ Transport	565.91	582.66	369.15
DJ Utilities	134.73	134.78	117.06
S&P Composite	168.43	170.07	123.62
LONDON			
FT Ind Ord	674.0	702.50	587.6
FT-A All-share	445.21	450.84	364.37
FT-A 500	481.75	487.98	405.79
FT-A Ind	431.84	437.40	379.28
FT Gold mines	623.7	634.50	359.9
FT Govt secs	82.13	82.43	79.73
TOKYO			
Nikkei-Dow	9414.15	9345.78	6975.5
Tokyo SE	692.62	690.47	525.05
AUSTRALIA			
All Ord.	718.8	720.30	514.6
Metals & Mins.	579.1	582.60	410.2
AUSTRIA			
Credit Aktien	55.09	54.98	47.79
BELGIUM			
Belgian SE	132.91	133.35	101.75
CANADA			
Toronto Composite	2575.7*	2598.2	1635.2
Montreal Industrials	465.05*	468.90	297.37
Combined	438.00*	441.29	281.21
DENMARK			
Copenhagen SE	196.53	196.54	91.34
FRANCE			
CAC Gen	139.2	139.50	99.9
Ind. Tendance	149.1	149.70	116.3
WEST GERMANY			
FAZ-Aktien	317.1	317.06	236.33
Commerzbank	940.7	940.90	684.9
HONG KONG			
Hang Seng	800.7	810.02	1012.62
ITALY			
Banca Comm.	195.16	196.78	158.79
NETHERLANDS			
ANP-CBS Gen	144.0	144.0	88.2
ANP-CBS Ind	118.5	115.10	68.8
NORWAY			
Oslo SE	208 a	208.36	103.84
SINGAPORE			
Straits Times	981.93	990.56	658.62
SOUTH AFRICA			
Golds	860.20	885.0	651.4
Industrials	955.90	952.9	666.8
SPAIN			
Madrid SE	116.03	115.85	99.78
SWEDEN			
J & P	1494.99	1478.02	680.47
SWITZERLAND			
Swiss Bank Ind	335.0	334.8	248.7
WORLD	Sep 26	Prev	Yr ago
Capital Int'l	183.6	182.20	136.1

GOLD (per ounce)

	Sept 27	Prev
London	$412.625	$415.625
Frankfurt	$412.25	$415.50
Zurich	$412.50	$415.50
Paris (fixing)	$414.92	$417.60
Luxembourg (fixing)	$413.50	$415.25
New York (Sept)	$415.90	$415.10

* indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Sept 27	U.S. DOLLAR Previous	STERLING Sept 27	STERLING Previous
$	–	–	1.4975	1.5040
DM	2.6505	2.6570	3.9725	3.9800
Yen	238.05	239.90	357	357.75
FFr	8.0425	8.0400	12.045	12.055
SwFr	2.1405	2.1500	3.21	3.2250
Guilder	2.9670	2.9680	4.445	4.4500
Lira	1606.5	1605.50	2405	2407.0
BFr	53.77	53.77	80.50	80.45
C$	1.23275	1.2313	1.8460	1.8520

INTEREST RATES

	Sept 27	Prev
Euro-currencies (three month offered rate)		
£	9⅝	9 9/16
SwFr	4½	4 7/16
DM	5¾	5¾
FFr	14½	14¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9½
6-month U.S.$	9 13/16	9 11/16
U.S. Fed Funds	8⅝	8⅞
U.S. 3-month CDs	9.15	9.05
U.S. 3-month T-bills	8.73	8.74

U.S BONDS

Treasury	Sept 27 Price	Sept 27 Yield	Prev Price	Prev Yield
10⅞ 1985	100 19/32	10.48	100 22/32	10.46
11½ 1990	100 11/32	11.39	100 14/32	11.39
11⅞ 1993	102 7/32	11.76	100 7/32	11.59
12 2013	104 24/32	11.43	104 30/32	11.40
Corporate	**Price**	**Yield**	**Price**	**Yield**
AT & T				
10⅜ June 1990	94½*	11.57*	94½	11.57
3⅞ July 1990	69⅛*	10.25*	69½	10.25
8¾ May 2000	76½*	12.05*	76½	12.05
Xerox				
10⅞ March 1993	93⅛*	11.85*	93⅛	11.85
Diamond Shamrock				
10⅞ May 1993	92¼*	12.00*	92¼	12.00
Federated Dept Stores				
10⅞ May 2013	12.05*	88.525*	12.05	88.525
Abbot Lab				
11.8 Feb 2013	12.05*	97.954*	12.05	97.954
Alcoa				
12¼ Dec 2012	12.90*	97.26*	12.60	97.26

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	72–19	72–26	72–15	72–29
U.S. Treasury Bills (IMM) $1m points of 100%				
September	90.19	90.22	90.19	90.25
Certificates of Deposit (IMM) $1m points of 100%				
September	90.79	90.80	90.79	90.81
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.29	90.34	90.27	90.35
20-year Notional Gilt £50,000 32nds of 100%				
September	105–18	105–25	105–15	106–00

COMMODITIES

(London)	Sept 27	Prev
Silver (spot fixing)	793.00p	803.10p
Copper (cash)	£1015.00	£1036.50
Coffee (Sept)	£1771.00	£1772.50
Oil (spot Arabian light)	$28.62	$28.60

LONDON

Blue chip retreat gains pace

IN MARKED contrast to a record-breaking Wall Street performance, London remained uncertain yesterday. Leading shares began only slightly easier but soon retreated.

Nervous selling was in evidence until midday when a small rally boosted prices but most closed a shade above the lowest. The FT 30-share Industrial Ordinary index closed 8.5 down at the day's lowest of 694.0.

A marginally easier bullion price, coupled with a general lack of interest, left South African golds showing widespread losses after two days of good gains. In Australia, golds got off to a dull start, weighed down by the losses in metal prices and easier overnight domestic markets. *Details, Page 33; Share Information Pages 34–35*

AUSTRALIA

A BOUT of profit taking among top mining and oil and gas stocks in Sydney yesterday shaved down the sharp gains of the previous session, and prices finished broadly lower in moderate trading.

Industrial sector stocks moved against the down trend later, however, with retailers and media groups leading a modest rally.

BHP, initially stronger following the optimistic tone of yesterday's annual meeting, finally eased 5 cents to A$12.60.

SINGAPORE

THIN trading left most prices lower in a lacklustre Singapore market yesterday, with the Straits Times index 8.63 points off at 981.93.

Esso and Metro each fell 20 cents to S$11.60 and S$7.30 respectively. Hotels, properties and commodities were also easier.

HONG KONG

THE introduction of sharply higher interest rates designed to bolster the flagging local currency had a depressant effect in Hong Kong yesterday and, combined with the lack of positive news on the colony's future, left prices mostly lower. The Hang Seng index shed 9.32 points to 800.70.

SOUTH AFRICA

A RESURGENCE of selling took gold shares broadly lower in Johannesburg yesterday as the bullion price maintained its easier trend.

Heavyweight Vaal Reef saw a substantial decline of R4.50 to R131.50, while among the lightweight stocks, Sallies fell 25 cents to R8.55.

CANADA

WEAKNESS in oils and golds took Toronto stocks sharply lower at midsession, with only the media and forest products sectors resisting the decline.

Dome Petroleum went against the trend to weaker oils with a C$⅛ gain to C$5⅝. Daon Developments, which reported higher nine month losses, fell 17 cents to C$1.46.

In Montreal, oils, metals and banks declined, but forest product issues firmed.

TOKYO

Technical loss fails to halt surge

LOW-PRICED big-capital issues such as heavy electrical, shipbuilding and synthetic fibre stocks led the way in a broad advance in Tokyo yesterday morning, but levelled off in the afternoon with buying interest shifting to speculative issues like non-ferrous metals, *writes Shigeo Nishiwaki of Jiji Press.*

The advance was buoyed by Wall Street's Monday upswing to a new high, and the fact that Japan's brokerage houses effectively entered a new business year yesterday.

The Nikkei-Dow Jones market average climbed 88.37 points to finish the day at 9,414.15, topping the 9,400 mark for the first time. A total of 551 stocks moved ex-dividend and 38 stocks went ex-rights, forcing the index to fall 28.12 points in total. Before these adjustments, the Dow would have surged 96.49 points for the day.

Volume jumped to 555.58m shares against 260.70m in the previous session.

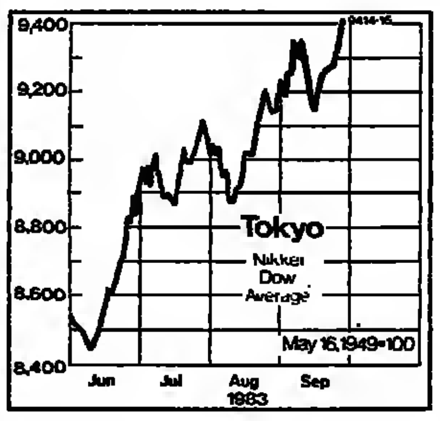
Large securities firms in particular recommended heavy electrical shares like Hitachi and shipbuilding issues such as Mitsubishi Heavy Industries. Buying interest thus centred on these large-capital issues in the morning, but dwindled in the afternoon with interest shifting to non-ferrous metal issues like Mitsui Metal Industries and large-asset issues such as Nippon Express.

Hitachi rose to Y923 at one point, though it went ex-dividend, before falling in the afternoon to close Y1 down at Y910. Toshiba also soared to Y390, ex-dividend, but eased to finish at Y377. Mitsubishi Heavy Industries and Hitachi Zosen opened firm, both ex-dividend, but turned slightly lower in the afternoon session.

Among synthetic fibre issues, Tijin closed at Y377, ex-dividend, much higher than the theoretical price (adjusted for dividend) of Y359.50.

Elsewhere, Arabian Oil moved the maximum Y500 up in the afternoon to Y5,420, and non-ferrous metals such as Mitsui Metal Industries also moved higher on revived buying interest. But blue chips like NEC, Matsushita Electric Industrial and Sony edged down on a wide front.

Bond prices opened on a firm note, but tumbled in the afternoon on heavy profit-taking by city banks and other financial institutions. The long-term 7.5 per cent government bonds maturing in January 1993 fell back in the afternoon after rising to yield 7.70 per cent at the outset, down from the previous close of 7.71 per cent.



EUROPE

Hesitancy sees gains evaporate

A HESITANT mood pervaded European share markets yesterday as investors anticipated a downturn in U.S. stocks following Monday's Wall Street record.

In **Frankfurt**, prices opened firm but eased in dull trading, with profits being taken on the previous session's modest rally. But although little buying interest was seen, traders insisted market sentiment remained positive.

KHD saw its previous day's gains rapidly eroded and closed DM 6.5 off at DM 251. Other engineerings also suffered, Linde easing DM 1.50 to DM 390 and Mannesmann DM 1.80 to DM 135.70. MAN firmed 20 pfg, however, to DM 143.

BMW led the fall in motors, slipping DM 3.20 to DM 382.50, while VW shed DM 1.70 to DM 218 and Daimler 50 pfg to DM 578

In narrowly mixed chemicals, BASF slipped 40 pfg to DM 150.30 and Hoechst 50 pfg to DM 158, but Bayer put on 20 pfg to DM 150.50.

Electrical group Siemens lost DM 1.50 of its Monday gain of DM 5.30 to close at DM 344.50. AEG was also DM 1.50 off at DM 82.40. Brown Boveri dropped back DM 6 to DM 217 and PKI was static at DM 310.50.

Banks saw Commerzbank DM 1.30 off at DM 171, Deutsche DM 1 down at DM 310 and Dresdner 80 pfg easier at DM 173.40.

The bond market failed to find impetus after Monday's dull showing in U.S. credit markets and domestic issues were barely changed in thin trading.

Prices lost ground across a broad front in **Paris** as profit-takers moved in to capitalise on recent rallies.

In banks and financials, Cie Bancaire lost FFr 2.90 to FFr 325.1 and Credit Foncier gained FFr 2 to FFr 493. Schneider fell by FFr 1.5 to FFr 131.

Motors declined, with Peugeot off 3.90 at FFr 219.90 and Valeo FFr 5.9 lower at FFr 280.

Profit taking also prevailed in **Amsterdam** as traders adopted a cautious stance ahead of the Wall Street opening.

Some early losses were turned into modest gains later, however, as in NMB bank, 80 cents higher at Fl 155.50 and publisher VNU, 30 cents up at Fl 117. Oce van der Grinten opened at a 1983 high of Fl 215 but fell back to Fl 214, up Fl 1 from Monday.

In **Brussels**, stocks eased in quiet trading as the market assessed the effects of the now resolved public sector strike.

Société Générale Belgique's announcement of a plan to raise up to BFr 8.8bn on the capital markets knocked BFr 55 off the share price to BFr 1905.

Wall Street's overnight record sparked renewed buying interest in **Zurich**. Financials and industrials were slightly higher, but banks remained neglected because of continuing uncertainty about the international debt situation.

In **Milan** prices closed easier in thin trading as many investors withdrew ahead of the governement's month-end budget statement. Montedison fell below L200 for the first time in several months, losing L6.25 to L198.

Italcementi was one of the few firmer issues, gaining L410 to L46,500.

There were modest gains in **Madrid**, where steels, chemicals and utilities firmed, but banks eased.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
92	39	Warlon	60	8	17	134	84	83¼	83½	-½
16⅞	8½	WayGos	20	1 5	16	29	13½	13½	13½	
8¼	3½	WeanU				56	8	7⅞	7⅞	-⅛
25	6½	WebbD			47	455	19⅞	19½	19⅞	-⅛
40⅞	20⅛	WeisM	a.56	1 6	16	37	35¾	35¼	35½	
39¼	23½	WellsF	1 92	5 0	6	317	39¼	38½	38¾	+⅛
50½	45	WelF	pf2 89e	5 5		1002	49	48⅝	48¾	-⅛
30	24	WelFM	2 80	10	10	67	26¼	d23⅞	28¼	+⅛

Continued on Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

NEW YORK CLOSING PRICES

Continued from Page 31

CANADA

DENMARK

Sept. 27	Price Kner	+ or —
Aarhus Olie..	495	-11
Andelsbanken.	305	-7
Baltica Skand..	530	20
CopHandelsbank	282	
D. Sukkerfab	792	-5
Danske Bank	302	-6
East Asiatic	186	+20
Forende Brygg...	1,273	
Forende Damp	205	
GNT Hldg	555	
I.S.S.B.	660	+5
Jyske Bank..	648	-2
Novo Ind	3,375	
Privatbanken ..	299	-6
Provinsbanken	299	-4
Smidth Fl.	258	-10
Sophus Berend	875	-35
Superfos	331	-4

FRANCE

Sept. 27	Price Frs.	+ or —
Emprunt 4½% 1973	1,975	-14
Emprunt 7% 1973	10,008	-2
CNE 3%	6,010	
Air Liquide..	477	-2
BIC	673	+5
Bouygues..	711	+1
BSN Gervais.	2,040	-8
CIT Alcatel...	1,338	-1
Carrefour.	1,365	-15
Club Mediter'n	669	-3
CFAO	540	-8
Cie Bancaire	325.1	-2.9
Cofimeg.	178.2	+0.2
Creusot Loire..	67.5	
Darty	674	+5
Dumez	924	-6
Eaux-Cie Gen.	380	-8
Elf-Aquitaine..	183.6	-5.2
Gen. Occidental.	660	-10
Imetal.	71.3	-0.1
Lafarge Coppee.	993.5	-6.2
L'oreal	1,880	+20
Legrand	2,003	-13
Maisons Phenix.	393.8	+5.8
Matra.	1,098	-15
Michelin B.	800	-3
Midi-Cie..	1,142	-7
Moet Hennessy..	1,280	+23
Moulinex	89	-3
Nord Est.	53.3	-1.3
Pernod Ricard.	803	-2
Perrier	368	-3
Petroles PB.	158.5	-4.3
Peugeot SA.	219.9	-3.8
Poclain...	87.8	+5.0
Printemps Au..	113	-0.5
Radiotech..	423	-3
Redoute	1,140	-10
Roussel Uclaf. ..	553	-3
Schneider.	131	-1.5
Sefimeg.	250	
Skis Rossignol.	1,140	-29
Telemech Elect.	1,173	-3
Thompson (CSF).	178.9	-7.1
Valeo..	280	-5.9

GERMANY

Sept. 27	Price Dm.	+ or —
AEG-Telef.	82.4	-1.3
Allianz Vers.	649	-2
BASF	150.3	-0.4
Bayer..	150.3	+0.2
Bayer-Hypo.	381	
Bayer-Verein.	390	-4.5
BHF-Bank	278.3	-1.3
BMW	382.5	-3.2
Brown Boveri..	917	-6
Commerzbank ..	171	-1.3
Conti Gummi.	110.4	-0.6
Daimler-Benz ..	578	-0.5
Degussa	333.3	-0.3
Demag..	130	
D'sche Babcock	178.3	+2
Deutsche Bank.	310	-1
Dresdner Bank	173.4	-0.6
GHH	141	-7
Hochtief	430	
Hoechst	136	-0.6
Hoesch	88.5	-0.3
Holzmann (P)	423	+9
Horten.	137	-0.5
Kali und Salz	211.5	-1
Karstadt	258.3	+0.5
Kaufhof	240	-4
KHD	231	-6.5
Kloeckner..	59.1	+1
Krupp..	78	
Linde	390	-1.3
Lufthansa	133.5	-2
MAN	148	+0.2
Mannesmann	105.7	-1.8
Mercedes Hld	496	+1
Metallgesell	196	+1
Munich Rueck..	805	
Preussag	267	
Rhein West Elect	169	-0.5
Rosenthal	301	-6
Schering	341	-2
Siemens	344.5	-1.5
Thyssen..	73.3	-2
Varta	169	+1
Veba	168.5	-2.9
V.E.W.	118	+1.5
Verein-West.	311	
Volkswagen.	218	-1.7

ITALY

Sept. 27	Price Lire	+ or —
Banca Com'le ...	96,600.	+730
Bastogi-IRBS	214	
Centrale	1,730	-79
Credito Varesino	4,310	
Fiat..	3,030	-49
Finsider..	45	
Generale (Assic).	142,200	+500
Invest.	2,829	-35
Italcementi	46,500	+410
Montedison	198	-6.2
Olivetti..	3,286	-70
Pirelli Co	2,655	
Pirelli Spa.	1,545	-16
Snia Viscosa.	1,123	-38
Toro Assic.	11,490	-60
do. Pref.	8,900	-920

NETHERLANDS

Sept 27	Price Fls.	+ or —
ACF Holding.	101	
Ahold..	189.5	-3
AKZO..	80.6	-0.3
ABN..	371	-2.3
AMEV..	130.4	+0.4
AMRO..	62.2	-0.5
Bredero Cert	160	-0.5
Boskalis Westm..	47.7	-0.7
Buhrmann-Tet	49.3	+0.3
Caland Hldgs	35	-0.3
Credit Lyon'is Ok	46	-2
Elsevier NDU nv.	403	
Ennia	160.3	1.5
EuroCom Tst	102	
Gist. Brocades	115.5	-1.5
Heineken	134.4	1.1
Hoogovens	35.5	-0.5
Hunter Douglas..	19.5	
Int Muller..	27.2	-0.5
KLM..	144.2	-1.3
Naarden Intl	44	-0.3
Nat Ned Cert	170.3	-0.2
Ned. Credit Bank	41	0.1
Ned Mid Bank.	155.5	-0.8
NedLloyd.	94	-0.3
Oce Grinten.	214	-1
Ommeren (Van).	30.5	-1.3
Pakhoed	58.8	-0.1
Philips.	47.7	-0.6
Rijn Schelde	3.7	-0.1
Robeco	321.3	-1
Rodamco..	127.6	
Rolinco	311	-1
Rorento..	195	+0.5
Royal Dutch.	139.5	-0.4
Unilever.	250.2	0.3
VMF Stork.	74.1	-0.1
VNU.	117	-0.4
West Utr Bank	104.3	-1

NORWAY

Sept. 27	Price Kroner	+ or —
Bergens Bank..	125	-4
Borregaard..	182.5	
Christiania Bk.	129	-2
Creditbank	142	-2
Elkem..	114	-1
Norsk Data	265	
Norsk Hydro.	338	-2
Storebrand	178	-2

SPAIN

Sept. 27	Price Peseta	+ or —
Bco Bilbao..	242	
Bco Central..	260	
Bco Exterior.	203	
Bco Hispano.	204	-1
Bco Santander.	236	
Bco Vizcaya.	297	-3
Dragados..	130	+3
Hidrola	46.3	-0.2
Iberduero..	39.3	+0.3
Petroleos..	89.3	+1.3
Telefonica.	86	+0.3

SWEDEN

Sept. 27	Price Kronor	+ or —
AGA.	343	+3
Alfa Laval..	289	+3
ASEA (Free)..	384	-11
Astra (Free)..	690	+13
Atlas Copco.	114	+3
Boliden..	440	
Cardo	427	+12
Cellulosa (Free)	693	
Electrolux B.	284	+7
Ericsson.	46	-8
Esselte (Free)..	313	+2
Fagersta..	400	
Mo Och Domsjo.	335	+5
Pharmacia (Free)	440	-4
Saab-Scania	248	+3
Sandvik B (Free)	340	+20
Skandia.	840	+10
Skan Enskilda.	310	
SKF B..	181	+3
St. Kopparberg..	555	+5
Sven Handelsbn.	179	+2
Swedish Match.	239	+4
Volvo B (Free).	443	+5

SWITZERLAND

Sept. 27	Price Frs.	+ or —
Alusuisse	772	-6
Bank Leu.	4,200	
Brown Boveri	1,220	-3
Ciba Geigy	1,965	+10
do. (Part Certs).	1,610	
Credit Suisse..	2,135	-10
Elektrowatt.	2,810	
Fisher (Geo.)	625	+6
Genevoise.	3,400	
Hoff-RochePtCts	90,250	-125
Hoff-Roche 1/10.	9,000	-25
Jacobs Suchard.	6,975	
Jelmoli	1,680	-35
Landis & Gyr.	1,383	+15
Nestle	5,980	-5
Oer-Buehrle	1,330	+20
Pirelli	258	-1
Sandoz (Br)	6,575	
Sandoz (PtCts).	1,030	-16
Schindler (PtCts)	486	+3
Swissair	852	+7
Swiss Bank.	304	-1
Swiss Reinsce..	6,750	-50
Swiss Volksbk.	1,090	
Union Bank..	3,160	-30
Winterthur	2,760	
Zurich Ins..	16,373	-25

AUSTRIA

BELGIUM/LUXEMBOURG

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

LONDON STOCK EXCHANGE

MARKET REPORT

Uneasy tone persists as index retreats to under 700

Speculative stocks weak—Gilts easier

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24
Oct 17	Oct 27	Oct 28	Nov 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

In marked contrast to a record-breaking Wall Street performance, London Stock markets remained uncertain yesterday. Leading shares began only elightly easier but soon retreated further as widespread weakness became apparent in numerous secondary and situation stocks. Nervous selling was in evidence until noon when 9 small rally beld and most of the speculative issues closed 9 shade above the day's lowest.

The FT 30-share index slipped belaw 700 from the first 10 a.m. calculation and closed 8.5 down at the day's lawest of 694.0 with late sentiment not helped by the easier opening on Wall Street. The FT-Actuaries All-Share slipped 1.2 per cent to 445.21.

Reasons for the general setback were difficult to pinpoint, but vague talk connected it with reports of a big Spanish investor in financial difficulties.

The tone was also undermined by suggestions that now that the BP issue is ont of the way, available investment funds might be severely tapped by the relaase of 9 lengthy queue of companies wishing to raise monsy through rights issues. Leading blue chips, marked lower at the outset, gave ground in the virtual absence of support. Bowater, an FT 30-share index constituent, were particularly vulnerable in the early dealings following a Press report forecasting an imminent £50m rights issue, but the price rallied to finish only a net 2 lower at 198p, after 195p.

Interest elsewhere in the market was subdued with Oils displaying marked weakness but BP new shares beld np well at 206p, after 210p, and the old shares closed only n couple of pence easier at 436p.

Recently-firm gilt-edged turned easier as the market contemplated the terms of the pending £1bn issue of Treasury 9¾ per cent Convertible 1988 and saw a resumption of the overnight profit-taking in the continued absence of the hoped-for ½-point cut in clearing bank base lending rates. Closing falls in the medium and longer-dated stocks ranged to ¾, while shorter-dated maturities ended wi losses to ⅛.

South African Gold shares retreated in sympathy with the weaker metal price, the FT Gold Mines index ending 10.8 lower at 623.7.

Fears of possible repercussions from the Hong Kong banking failure took Standard Chartered down 15 to 420p. Nat West closed a similar amount lower at 615p among the main UK clearers. Elsewhere, Grindlays fluctuated between 135p and 150p before closing a net 2 up at 142p, while Baltic Leasing beld at 256p after the preliminary statement.

Pearl weakened in the Life Insurance sector, falling 28 to 670p in markets reluctant to absorb slightly larger-than-average offerings.

A lack of concerted quality support prompted a dull session among Breweries. Bass, firm on Monday following talk of price increases in tha pipeline, reacted 5 to 320p. Elsewhere, Distillers also lacked suppart and fell 4 to a low for the year of 210p, although the markat took the sizeable first-half loss from Tomatin in its stride with the shares anding only 9 penny easier at 25p.

Leading Buildings driftad easier on scrappy selling and lack of interest; an attempted rally late in the sessian failed to hold and quatations closed at the day's lowest. Blue Circle, 408p, and Tarmac, 422p, shed 4 apiece, while Redland, a particularly god market since the annual meating, softened 9 couple of pence to 243p. Barratt Developments remained on offer and gave up 4 to a 1983 low of 196p. Outside of the leaders, I.D.C. firmad 4 to 121p, the increased interim dividend outweighing the reduced profits. Arncliffe, on the other hand, shed that much, to 66p, following the Board's warning that full-year's profits were unlikely to exceed the previous year. Recent high-flyer Edward Jones encountered profit-taking and also relinquished 4, to 36p, but Ben Bailey hardened a cauple of penca to 28p awaiting today's preliminary results. News that the company had been awarded contracts worth more than £3m failed to sustain John Finlan, which gave up 6 to 198p. Timbers managed 9 couple of movements against the general trend; Travis and Arnold firmed 8 for 9 two-day gain of 15 to 335p in response to the 59 per cent interim profits expansion, while Trent Holdings also put on 8, to 205p, awaiting news from the annual meeting.

Chemicals succumbed to the general malaise, but ICI showed resistance in closing 4 easier at 524p, after 520p. Brent Chemicals dropped 13 to 96p on disappointment with the interim profits. Leyland Paint, half-timer due tomorrow, gave up 1½ to 16½p.

Strong & Fisher dull

Stores continned to reflect the absence of institutional support and the leaders finished with small falls across the board. Marks and Spencer dipped to 206p before settling for a net loss of 2 at 208p, while House of Fraser, awaiting tomorrow's interim statement, gave up 4 to record a two-day fall of 8 at 240p. Combined English were relatively active but held at the overnight level of 40p, the return to profits at the interim stage and optimism about future dividend prospects failing to impress the market. Harris Queensway, 292p, and Superdrug Stores, 260p, eased 4 and 3 respectively; both are scheduled to announce first-half figures tomorrow, but Moss Bros. were marked 12 higher to 255p in front of today's mid-term results.

Contrasting movements in Shoes were provided by Stylo, which advanced 7 more to 125p reflecting speculative interest ahead of this Friday's interim results, and Strong and Fisher, down to 58p, before closing 5 off on balance at 60p; the annual results are expected soon.

Electricals were none too happy again and Racal slipped 3 to a year's low of 202p, while Plessey gave up 5 at 208p. Much heavier losses were sustained by this year's stronger performers such as Cable and Wireless, down 13 at 437p, United Scientific 11 off at 407p, and Micro Focus, 20 lower at 620p. Hong Kong troubles continued to unsettle BSR, which fell 7 to 140p, while Arlen ran into fresh selling and lost 11 at 160p. Despite a good interim statement, Miles 33 came back on profit-taking to end 7 easier at 223p.

Engineerings fared little better with many stocks suffering proportionate falls. Whessoe gave up 6 at 110p, Babcock 5 at 142p and Delta 3½ at 58p. In the prevailing circumstances, NEI's interim results were not good enough and the price reacted 4½ to 91p. Press comment failed to support Birmid, 3 cheaper at 48p but, awaiting today's first-half figures, Aurora picked up 2 at 11p. William Cook (Sheffield) attracted further interest and rose 3 more to 31p, while Vesper gained 13 in a thin market to 240p. Following the G.M. Firth bid denial, Porter-Chadburn eased 3 to 85p.

One or two Food issues showed signs of picking up in the late dealings; Brooke Bond, reporting results, soon closed slightly above the worst but still a couple of pence cheaper on balance at 70p, while Tesco, initially vulnerable to profit-taking, staged a useful rally to close just 9 penny cheaper on balance at 170p, after 167p. Avana, however, dropped 16 to 470p. Argyll continued to buck the trend and firmed 4 more to 126p with Amalgamated Distilled Products improving 7 for a two-day rise of 11 to 164p in sympathy. Bishop's Group A lost 15 to 225p in the absence of bid news.

Major Hotels and Caterers receded but, among the secondliners, buying in front of the interim results, due next Monday, left Strikes Restaurants 3 dearer at 71p.

High-fliers weak

Casualties among Miscellaneous Industrials were numerous and included Glaxo, 775p, and BTR, 540p, with respective falls of 15 and 12. Other notable losses occurred in Reed International, 294p, Metal Box, 242p, and British Aerospace, 185p, while Hestair lost 6 at 58p; the chairman of the last-named late yesterday dismissed reports that the group was unhappy with the Duple takeover. Press speculation of a pending cash call lowered Bowater to 195p before a subsequent rally to 198p, a net loss of only 2.

Recent high-fliers were bit hard and Consultants (Computer and Fin), dropped 40 to 460p, while Bellair came back 25 to 605p. Inter-City were looking particularly nervous at one stage, but recovered to end 3 down at 77p, after 74p. Polly Peck reacted 1¾ to £25¼. Poor interim results knocked Biddle 50 to 150p and, despite favourable interim figures, Spring Ram slipped 8 to 160p. The increased dividend and profits lifted Ingall Industries 3 to 65p. Kleen-E-Ze picked up the same amount for a two-day gain of 8 to 75p.

Link House Publications fell 13 to 463p following second thoughts about Monday's preliminary results. Associated Book eased 5 to 285p awaiting today's half-timer. Away from Publishers, Saatchi and Saatchi continued to encounter profit-taking in the wake of the U.S. placing and shed 10 more to 515p, although London and Continental Advertising hardened a couple of pence to 39p following tha encouraging interim statement. DRG firmed 4 to 117p in front of today's mid-term figures.

Properties had a generally drab appearance, small selling early in the session clipping 5 from Land Securities, 310p, and 3 from MEPC, 214p. Elsewhere, Marler Estates' recent good run came to an end and the shares shed 3 to 92p. Estates and General softened a penny to 71p following tha interim statement.

Among Investment Trusts, Moorside improved a couple of pence to 96p, after 98p, following a bid approach. In Financials, rumours of a sizeable stake changing hands prompted a brisk trade in Britannia Arrow, which closed 7 dearer at 95p. Other issues trended lower however with Exco, 518p, Mills and Allen, 315p, and Aitken Hume, 165p, all easing around 5.

BP new steady

The majority of Oils were caught up in the general malaise, but renewed support was in evidence for BP new shares, which touched 210p before slipping on early Wall Street advices to close without alteration at 206p; BP old shares finished 2 cheaper on balance at 436p, after 440p. Shell ran into selling and gave up 14 to 610p, while falls of around 5 were marked against Britoil, 248p, and Ultramar, 680p. LASMO eased 4 to 323p, but the OPS rose 10 to 630p. Irish exploration issues staged a tentative rally after the previous day's shake-out; Atlantic recovered 25 to 445p, but Eglinton, after touching 240p, closed only 5 dearer on balance at 225p. Saxon eased 6 to 217p following the annual meeting. Elsewhere, Sun (UK) Royalty dipped to 270p before settling 10 down on balance at 265p.

Inchcape revealed first-half profits below general market estimates and dipped to 293p before closing 14 down on balance at 298p. Other Overseas Traders also lacked support with Lonrho 3 cheaper at 105p and Tozer Kemsley and Millbourn 2 off at 26p.

Golds lower

A Marginally easier bullion price coupled with a general lack of interest left South African Golds showing widespread losses after two days of good gains.

Overnight American offerings and the absence of any worthwhile support from Johannesburg caused an initial markdown.

Thereafter, quotations drifted easier before steadying in the after-hours' trade.

The Gold Mines Index gave up 10.8 to 623.7, while the bullion price eased $3 to $412.625 an ounce.

Notable casualties in the heavyweights included Vaal Reefs, which dropped £2¼ to £79¼, while losses of a point and more were common to Randfontein, £93¾, Winkelhaak, £31, and Free State Geduld, £31.

Cheaper-priced issues were highlighted by Blyvoor, 34 off at 978p, and Zandpan, which dipped 28 to a 1983 low of 936p.

Cobra Emerald Mines became a volatile market and dropped to 110p immediately following the results before recovering to close a net 5 cheaper at 116p.

Financials suffered from the downturn in precious metals and a sharp setback in base-metals, especially copper, as well as the poor performance of UK equities. RTZ were particularly unsettled and fell 7 to 630p. Gold Fields, a weak market on news of tha breakdown of talks with Ingersoll-Rand ragarding the latter's purchase of the troubled Skytop Brewster operations, touched extremes of 570p and 580p before closing 4 down on balance at 573p. Charter gave up a like amount to 248p.

The decline in Golds prompted offerings of South African Financials with De Beers giving up 8 to 596p, Transvaal Consolidated Land ¾ to £30¾ and UC Investments ⅛ to £12⅛.

Platinums were marked down and held at the lower levels in quiet trading.

Australians got off to a dull start, weighed down by the losses in metal prices and easier overnight domestic markets, but staged a small rally after-hours.

A number of firm spots emerged with North Broken Hill moving up 4 to a 1983 high of 204p and the speculative gold issue Whim Creek adding 10 at 190p.

Pancontinental closed 4 cheaper at 98p on news that the company has sold its 9.6 per cent stake in Robey River to Peko-Wallsend, the victor of the Robe River takeover tussle.

Demand for Traded Options continued to diminish with contracts completed amounting to 1,953. British Petroleum were again to the fore with 224 calls traded, while ICI, due to announce third-quarter results at the end of next month, recorded 275 calls, 205 of which were done in the October 460s. Noteworthy premium changes were again mainly confined to mining puts. Vaal Reefs November series were particularly buoyant with the 130s 3 up at $15, and the 140s 3½ to the good at $23. Consolidated Gold Fields October 650 puts rose to 7 to record a two-day appreciation of 22 at 67p.

FINANCIAL TIMES STOCK INDICES

	Sept. 27	Sept. 26	Sept. 23	Sept. 22	Sept. 21	Sept. 20	year ago
Government Secs.	82.13	82.43	82.17	91.91	81.83	91.86	72.75
Fixed Interest	84.15	84.32	84.02	83.94	83.91	83.82	79.98
Industrial Ord.	994.0	702.5	706.9	708.1	706.0	700.2	587.6
Gold Mines	623.7	634.5	625.2	214.9	251.5	053.1	352.9
Ord. Div. Yield	4.84	4.78	4.76	4.83	4.86	4.85	4.88
Earnings, Yld.% (full)	8.01	9.60	9.46	9.82	9.29	9.27	12.80
O/E Ratio (nat) (*)	12.23	12.19	13.24	13.19	13.04	13.06	11.10
Total bargains	21,349	20,785	19,775	18,909	19,482	20,684	19,104
Equity turnover £m.	—	227.01	194.378	192.29	194.34	166.27	170.02
Equity bargains	—	17,321	15,409	10,217	10,112	16,438	15,093
Shares traded (ml)	—	122.3	122.2	117.8	117.2	111.8	114.5

10 am 698.4. 11 694.9. Noon 694.0. 1 pm 694.2. 2 pm 695.2. 3 pm 695.6.

Basis Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold mines 12/10/56. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.25.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.74 (15/6)	79.03 (1/2)	150.4 (28/11/47)	20.53 (3/1/75)
Ind. Ord.	740.4 (22/6)	598.4 (12/1)	740.4 (22/6/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (29/8)	734.7 (15/2/83)	43.0 (26/10/71)

S.E. ACTIVITY

	Sept. 20	Sept. 23
—Daily		
Gilt Edged Bargains	129.1	165.0
Equities Bargains	118.2	99.8
Value	410.4	394.1
5-day Avrgs		
Gilt-Edged Bargains	101.9	164.0
Equities Bargains	104.9	107.3
Value	386.1	371.2

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (57)

BRITISH FUNDS (1)
Exchqr. 3pc 1984

LOANS (8)
Nationwide 8¾pc 31.10.83 — Nationwide 10⅞pc 28.5.84
Do. 8½pc 28.11.83 — Do. 10⅞pc 18.8.84
Do. 11½pc 9.4.84 — Do. 10¼pc 9.7.84
Do. 10¼pc 30.4.84 — Do. 10⅞pc 30.7.84

FOREIGN BONDS (1)
Hydro Quebec 15pc Ln. 2011

AMERICANS (8)
Abbott Labs. — Florida Pwr. & Light
Brunswick Corp. — Ford Motor
Colt Inds. — Tenneco 10pc Ln. Stk. 1981-85
Eaton Corp.
Esmark

CANADIANS (4)
Bank of Nova Scotia — Rio Algom
Canadian Pacific — Seagram

BANKS (1)
Trade Dev.

CHEMICALS (1)
Akzo NV

ELECTRICALS (1)
Fujitsu

ENGINEERING (1)
Cook (Wm.) (Sheffield)

FOODS (1)
Glass Glover

INDUSTRIALS (8)
Continental Group — Kleen-E-Ze
Eastern Produce — Ozalid Fin. Cv.
Hawkins & Tipson — 'The Times' Veneer
Hoskins & Horton — Wade Potteries

MOTORS (3)
Honda Motor — Plaxton's (GB)
Lotus Car

PAPER (2)
Boase Massimi Poll. — DRG

PROPERTY (1)
Compco

TEXTILES (1)
Toray Inds.

TRUSTS (10)
Cystic Fibrosis — Rolinco NV
G.T. Japan — Do. Sub Shares
Moorside Trust — Wemyss Inv.
Robeco NV (Br.) — Winterbottom Energy
Do. Sub Shares — Park Place Invs.

OILS (1)
Tiber Energy

PLANTATIONS (2)
McLeod Russel 3.4pc Cnv. Pf. 1990-92 — Lawrie Plant.

MINES (2)
Mincorp — North Broken Hill

NEW LOWS (37)

BREWERS (3)
Bell (Arthur) 9¼pc Cnv. 1999-2001 — Boddingtons
Marston Thompson

BUILDINGS (2)
Barratt Dev. — Galliford

CHEMICALS (3)
Amersham Internatl. — Wolstenholme Rink.
Stewart Plastics

ELECTRICALS (3)
Chuang's — Racal Elect.
ICL

ENGINEERING (3)
Danks Gowerton — TI
Hadon

INDUSTRIALS (13)
Airship Inds. — Jardine Matheson
Beecham — Johnson Matthey
Biddle Holdings — Macpherson (D.)
Blundell-Permoglaze — Ricardo Cons. Eng.
Crest Nicholson — Stag Furniture
Datastream — Wills (George)
Fothergill & Harvey

MOTORS (2)
Technofan SA — Davis (Godfrey)

PROPERTY (2)
HK Land — Swire Props.

TRUSTS (5)
Edith — Abingworth
Gresham House — Henderson Admin.
N. Throgmorton Cap.

MINES (1)
Zandpan Gold

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	90	9
Corpns. Dom. and Foreign Bonds	11	27	40
Industrials	111	351	918
Financial and Props	40	239	241
Oils	19	37	56
Plantations	3	3	11
Mines	26	75	64
Others	77	61	52
Totals	290	886	1,391

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tues Sept 27 1983

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 10,442

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

... yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Res.	445	+25
Brent Chems.	96	−13
Britannia Arrow	95	+ 7
BP (partly pd.)	206	—
Britoil	248	− 8
Cons. Gold Fields	573	− 4
ICI	524	− 4
Inchcape	298	−14
Inter-City Inv.	77	− 3
Moorside Trust	96	+ 2
Spring Ram Corpn.	160	− 8
Tesco	170	− 1

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
BP (partly pd.)	23	206	—
PCT Grp. New	19	101	—
Cowie (T.)	14	40	+ 6
Eagle Star	14	465	−13
Cns. Gld. Flds.	13	577	−18
Tesco	13	171	− 5
Beecham	12	320	− 5
Cable Wireless	12	450	+ 5
BSR Intnl.	11	147	−11
GEC	11	190	− 0
Hawtin	11	14	+ 1½
Ln O'seas Frtrs	11	33½	+ 4½
Glaxo	10	790	—
ICL	10	60	− 3

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 26	Oct 7	Dec 22	Jan 3
Oct 10	Oct 21	Jan 5	Jan 16
Oct 24	Nov 4	Jan 19	Jan 30

For rate indications see end of Share Information Service

Stocks favoured for the call included Eagle Star, Tesco, London and Liverpool, Security Centres, Thomas Borthwick, BP new, Edenspring, H. P. Bulmer, Hawtin and W. E. Norton. A put was arranged in Superdrug Stores, but no doubles were reported.

LONDON TRADED OPTIONS

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Barclays Bank (*472)						
460	28	45	35	10	15	25
500	8	95	38	38	40	50
050	8	9	17	80	92	90

Sept. 30 Total Contracts 1,953 Calls 1,386 Puts 567

* Underlying security price.

BRITISH FUNDS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102 11/16	100½	Exch. 13¼pc '83	100 23/32	+1/32	13.43	9.07
100 1/16	93 13/16	Exch. 10pc 1983	100½		9.99	9.11
99½	96¼	Funding 5½pc '82-84‡‡	99 3/16		5.55	8.12
101¼	99½	Exch. 11¼pc 1984	100 11/16		11.17	9.23
104⅞	100 9/16	Exchequer 14pc 1984	102 7/16	−1/16	13.67	9.87
95¼	92½	Exch. 3pc 1984	95¾	+⅛	3.13	9.12
102 13/16	100 5/16	Treasury 12pc 1984	102 5/16xd	−1/16	11.73	9.48
107 13/16	104 13/16	Treasury 15pc 1985	105⅞	−1/16	14.16	10.30
107	101 3/16	Exch. 12pc Cnv '85	102 13/16	−1/16	11.67	9.99
92⅜	88⅝	Treasury 3pc 1985	92¼	−1/16	3.25	0.10
102½	99½	Treasury 11½pc 1985	102⅛	−⅛	11.23	9.96
102	95	Treas. 8¾pc Cnv '85	98⅜	−¼	8.89	9.66
103⅝	100⅛	Exch. 12¼pc 1985	103⅜	−1/16	11.85	10.40
102⅝	99 3/16	Exch. 11¼pc '86	102 1/16	−1/16	11.47	10.55
101¼	97½	Treas. 10pc Cnv 1986	100 3/16	−1/16	9.98	9.83
88½	85⅝	Treasury 3pc 1986	87 7/16	−1/16	3.43	0.38
101 13/16	97 1/16	Exch. 10½pc Cv '86	100	−1/16	10.50	10.48
103 13/16	100 1/16	Treasury 12pc '86	102 5/16	−1/16	11.70	10.83
95⅝	94⅛	Treasury 8¼pc '84-86‡‡	95⅝		8.89	10.31
114	103¼	Treas. 12¾pc '86 Cnv.	108¾	−½	11.26	8.62
109 1/16	105 1/16	Exch. 14pc 1986	107 11/16xd	−¼	12.98	11.01
107¼	103⅝	Exch. 13¼pc 1987	106	−¼	12.50	10.99
98 1/16	95⅞	Tr 10¼pc Cv '87	98¼	−1/16	10.43	10.71
84 1/16	80¼	Exchequer 2½pc 1987	81 13/16	−1/16	3.06	8.83
100 1/16	95⅞	Exch. 10½pc 1987	99 1/16xd	−1/16	10.60	10.82
93¼	82⅛	Funding 6½pc '85-87‡‡	88 13/16xd		7.31	10.28
21 13/16	20	Treas. 10pc '87 (£20pd)	20 5/16	−⅛	10.26	10.85
86	80¼	Treasury 3pc 1987	81 11/16	−1/16	3.67	8.77
104⅝	97⅞	Treas. 12pc 1987	102⅝xd	−¼	11.66	11.13
93¼	89⅞	Treasury 7¾pc '85-88‡‡	90⅝		8.58	10.55
101½	95½	Exch. 10½pc '88	98 13/16	−¼	10.63	10.84

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		[illegible]				
79¼	74¾	N.Z. 7¼pc 1988-92	79xd	−¼	9.39	11.40
92¼	88¼	Do. 7½pc '83-86	91½xd	−¼	8.39	12.18
181	158	S. Rhod. 2½pc Non-Ass.	181		—	—
86	74	Do. 3½pc 80-85 Assd.	80		4.38	15.60
57	44	Do. 4½pc 87-92 Assd.	54		8.43	14.20
395	321	Zimbabwe Ann (£100pd)	340xd		—	15.08

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77½	71¾	Agric. Mt. 5pc '59-89	73xd	−¼	6.95	11.86
35¼	31¼	Met. Wtr. 3pc 'B'	35¼		8.03	10.62

LOANS—continued

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Financial				
102½	100⅛	Inv. in Ind. 14pc 1983	100¼	−¼	13.90	10.33
97½	92	Do. 6¼pc Db. '81-84	97xd	−½	6.44	9.00
106½	96¼	Do. 10¾pc Un. Ln. '86	100	−½	10.78	11.80
104	96½	Do. 11pc Uns. Ln. '88	100½	−½	11.25	11.79
104½	97½	Do. 11¼pc Un. Ln. '90	101½	−½	11.93	12.10
106½	91½	Do. 12½pc Un. Ln. 1992	103½xd	−½	12.05	11.20
78¼	74½	Do. 7¼pc A Deb. '89-92	77	−1	9.75	11.94
77½	70½	Do. 7¼pc A Deb. '91-94	74½xd	−½	9.73	11.35
87½	80½	Do. 9pc 'A' '91-94	85½xd	+½	10.53	11.35
86	72 1/16	Do. 8⅞pc Ln. '92-97	83	−½	10.89	11.50
		Building Societies				
100⅛	99¼	N'wide 11½pc 3.10.81	100 1/16		—	—
100	98	Do. 9½pc 31.10.83	100	+⅛	9.94	9.39
100½	98	Do. 9⅛pc 28.11.83	100½xd	+⅛	9.36	8.57
100½	99⅛	Do. 11¼pc 19.12.83	100¼xd	+⅛	11.22	9.72
100⅞	99	Do. 11⅞pc 23.1.84	100½		11.81	9.26
100⅞	100	Do. 11⅞pc 13.2.84	100½		11.81	10.27
100⅞	99	Do. 11¼pc 19.1.84	100½xd		11.19	10.20
100⅞	99⅞	Do. 11½pc 9.4.84	100⅞xd	+⅛	11.15	9.57
100¼	99½	Do. 10 11/16pc 30.9.84	100¼xd	−⅛	10.61	9.39
100½	99⅞	Do. 10⅞pc 29.5.84	100½	+¼	10.82	10.09
100½	99½	Do. 10⅞pc 18.6.84	100½	+⅛	10.82	9.08
100½	99½	Do. 10 9/16pc 9.7.84	100½	+⅛	10.51	9.90
100½	99¼	Do. 10⅞pc 30.7.84	100½	+¼	10.82	10.26

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

1983 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Gr's	P/E
		[illegible]						
44	32	Clive Dis'nt 20p	39	−1	1.2	—	12.4	—
980	650	Com'zbk. DM 10	867	+7	—	—	—	—
£22¼	£10¼	C'hgn Hbk. Kr100	£18		▼015%	—	9.0	—
9	6½	Dawes (G. R.)	7		—	—	—	—
£94	£68½	Deutsche Bank DM50	£78½	+½	▼22%	—	3.5	—
196	101	English Assoc.	147	−3	3.0	3.8	2.9	12.8
66	39	First Nat. 10p.	52	−1½	—	—	—	4.1
5¼	¼	Do. Wrr. 75-83	2		—	—	—	—
220	161	Gerrard Natnl.	218	−2	h10.0	—	6.6	—
59	43	Goode D. Mry 5p	55	−1	1.0	—	2.6	—
203	125	Grindlays	142	+2	4.38	3.0	4.4	10.8
58	39	Guinness Peat	47		8—	—	—	—
140	100	Hambros 5p	113	−2	5.38	—	6.7	—
277	177	Hill Samuel	253	−4	9.1	—	5.1	—
86½	55	Hong Shng. $2.50	56	−2	▼055c	—	8.7	—

FT LONDON SHARE INFORMATION SERVICE

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Tins

Miscellaneous

90	34	♥Anglo-Dominion	75	-10	—	—	—
93	54	♥Anglo Utd. Dev.	80	+2	—	—	—
172	60	♥Colby Res Corp.	172	+2	—	—	—
530	315	Cons. Murch. 10c.	520	+5	‡Q60c	1.9	‡
240	170	Hampton Areas 10p	234	-4	3.75	2.1	2.2
215	103	♥Highwood Res.	205	+5	—	—	—
£24½	£18	Homestake Mining $1	£21¾	+¼	Q30c	—	0.6
495	330	Northgate C$1	388	-5	—	—	—
672	437	R.T.Z.	630	-7	17.0	2.9	3.9
£147½	£108	Do 9½%Cv.Ln.95-2000	£138	-1½	Q9½%	32.5	7.0
190	13	♥Sabina Inds C$1	93	-2	—	—	—
		For Southwest Res see Oil & Gas					
710	312	♥Tara Expln $1	695	-5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

			IRISH		
			Nat. 9¾% 84/89	£87⅝	.....
			Fin. 13% 97/02	£95½	.....
Albany Inv. 20p	62xd	.....	Alliance Gas	88	.....
Bog'wtr. Est. 50p	285	.....	Arnott	203	.....
Craig & Rose £1	£18½	.....	Carroll (P.J.)	105	.....
Finlay Pkg. 5p	30	.....	Concrete Prods.	75	.....
Graig Ship. £1	31xe	.....	Helton (Hldgs.)	17	.....
Higsons Brew.	87	.....	Irish Ropes	33	.....
Holt (Jos) 25p	910	.....	Jacob	85	.....
I.O.M. Stm. £1	140	.....	T.M.G.	68	.....
Pearce (C. H.)	475	.....	Unidare	74	-2

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	13	House of Fraser	20	Utd. Drapery	22
BOC Grp	20	I.C.I.	45	Vickers	12
B.S.R.	20	"Imps"	11	Woolworth Hld.	30
Babcock	15	I.C.L.	7	**Property**	
Barclays Bank	45	Ladbroke	22	Brit. Land	8½
Beecham	32	Legal & Gen.	45	Cap. Counties	14
Blue Circle	45	Lex Service	32	Land Sec.	28
Boots	16	Lloyds Bank	48	MEPC	20
Bowaters	22	"Lofs"	4	Peachey	16
Brit. Aerospace	19	London Brick	10	Samuel Props.	11
B.A.T.	14	Lucas Inds.	15	Town & City	4
Brown (J.)	3½	"Mams"	14	**Oils**	
Burton Ord.	35	Mrks. & Spncr	20	Brit. Petroleum	30
Cadburys	11	Midland Bank	40	Burmah Oil	17
Courtaulds	10	N.E.I.	10	Charterhall	9
Debenhams	14	Nat. West. Bank	35	KCA	6
Distillers	20	P & O Dfd.	21	Premier	6
Dunlop	6	Plessey	19	Shell	55
Eagle Star	45	Racal Elect.	20	Tricentrol	22
F.N.F.C.	5½	R.H.M.	7	Ultramar	65
Gen. Accident	42	Rank Org. Ord.	20	**Mines**	
Gen. Electric	15	Reed Intnl.	32	Charter Cons.	28
Glaxo	75	Sears	8	Cons. Gold	58
Grand Met.	30	T.I.	13	Lonrho	9
G U S. 'A'	50	Tesco	17	Rio T. Zinc	62
Guardian	45	Thorn EMI	55		
G K.N.	16	Trusthouse	16		
Hawker Sidd	28	Turner & Newall	7		
		Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

EEC farm cash shifting south

BY JOHN WYLES IN BRUSSELS

THE "shift to the south" in the pattern of European Community agricultural spending was highlighted last year by a rise of more than £560m in support given to Greek and Italian farmers.

The rapid build-up in Common Agricultural Policy spending on Mediterranean products in the past four years could, if it continues, undermine ettempts under way to economise on farm spending.

This is because the main thrust of the European Commission's economy proposals being discussed by member states is on reducing costs of supporting northern products — dairy, cereals, beef and veal.

The commissioo's epproach to controlling costs of southern production is seen as rather more benign in spite of the fact that the sbare of farm spending taken up by Mediterrsoean prodncts has donbled since the lste 1970s.

Thus, spendiog on the wine surplus will have risen from 62m European curreocy units in 1979 to 638m ecu this year, on tobacco from 225.4m ecu to 668m ecu and on oils and fats from 606m ecu to 1.644bn ecu.

This represents substential gains for Greek, Italian and southern Frencb farmers and has belped bring swift growth in the net budgetary benefits enjoyed by Greece and Italy.

The commission's report on CAP spending last year shows that Greece's share of total farm spending rose from 1.3 per cent in 1981 to 5.5 per cent last year, and Italy's from 18.9 to 21 per cent. This amounted to a 542m ecu rise in Greece's receipts from the CAP and 527m ecu in Italy's.

Mining ministers prepare for new tin association

BY WONG SULONG

MINING Ministers from Indonesia, Malaysia, Thailand, Nigeria and Zaire, meet in Bangkok tomorrow to inaugurate the Association of Tin Producing Countries (ATPC). Australia, which has indicated it will join the ATPC later, will send an observer.

The two-day meeting will decide on the location of the ATPC headquarters, the appointment of e cbief executive, and an ennual budget.

Indonesie is reported to he insisting on providing the chief executive, while Malaysia and Thailand are interested in their countries providing the beadquarters.

Meanwhile, a senior Malaysian government official said Malaysia was satisfied with the outcome of the recent International Tin Council meeting in London.

The ITC meeting highligbted the threat of tin smuggling and identified several ways to curb illegal trade, estimated at 16,500 tonnes for the year to July.

The Malaysian official confirmed that since May, there bad been no illegal Thai tin entering smelters in Penang. This was largely because of surveillance by both Melaysian and Thai authorities and the lowering of Thai taxes.

It is understood that the Singapore government recently refused permission for two smelters on the island to restart their operations. There is now only one smelter in Singapore working on illegal tin from Thailand, Malaysia and Indonesia.

Zambia sells cobalt for U.S. stockpile

THE U.S. General Services Administration (GSA) has bought 6.5m lb of cobalt worth $35.75m for the national defence stockpile—more than a third will come from Zambia.

Contracts were awarded to Societe Zairose de Commercialisation des Minerais of Kinshasa for 4m lb at $22m; and to Metal Marketing of Zambia, for 2.5m lb et $13.75m. The contracts cal for delivery of cobalt to the government store within one year. It is the first time Zambia has supplied cobalt for the strategic stockpile.

● UGANDA'S tea output dropped this year because of insufficient rainfall, the government-owned Uganda Times reported. Output for the first half was 1.427m kg egainst 1.54m kg last year.

● SOUTHERN North Sea Herring Fishery will open to all UK vessels irrespective of size from October 1. However, vessels of 40ft registered length, or more, require a licence to fish.

● WORLD says oil production is expected to fall to 12.91m tonnes in 1983/84 from 13.95m this year, lower than previous forecasts because of the decline in the U.S. crop and because U.S. soyabean carryover stocks of 10.52m tonnes at the start of this month were well below expectations, newsletter Oil World said.

● U.S. AGRICULTURE Department will close its alcohol demonstration project, in spite of having supplied 1.23m bushels of corn to it, Mr Everett Rank, Administrator of the USDA Agricultural Stabilisation and Conservation Service, said.

● HONG KONG—The Chinese Gold and Silver Exchange Society is to cut its trading hours by half an hour to close at 4 pm from October 1. The move is to allow more time to clear transactions and to limit price fluctuations.

Potato shortage fears prompt prices debate

A PROMOTIONAL campaign mounted by the Potato Marketing Board this autumn emphasises appetising ways of serving small potatoes, writes David Richardson.

The scheme is clearly designed to make widest use of limited quantities available, and reflects the likely shortfall in supply which, against last year's level of demand, would probably amount to 1½ to 2m tonnes.

The actual shortage will be much less, given that higher retail prices will reduce demand this winter and make pasta and rice look like reasonable alternatives. Nevertheless, home grown supplies of potatoes will be insufficient to satisfy demand. Imports too will be scarce and expensive because the same freak weather which decimated the UK potato crop has been at least as serious across the North Sea. The Dutch crop is estimated to be well down this year at 2.9m tonnes against 3.8m tonnes in 1982.

However, in spite of these factors, spot producer prices for maincrop varieties have dropped £20 to £40 per tonne to £120 to £150 according to quality since September. Futures have fallowed suit.

There are several reasons for the fall, some traditional and some peculiar to this season. The most significant is that many farmers still sell straight from the field at lifting time. By so doing, they avoid the need to provide expensive storage facilities and minimise their handling costs. But they are weak sellers because they have to dispose of their crop in a limited time and even in a year of shortage, they undermine the market.

This year more growers than usual are having to sell because even though some may have storage barns they are afraid their potatoes would rot if stored; this year's summer is to blame once again.

Drought through July and August caused many crops to die off early, as they would normally in September and October. Rain in late August and early September caused a resurgence of growth, but instead of merely expanding the already formed tubers, it caused secondary growth which expresses itself in several ways.

Knob-like growths or dolls developing on tubers are prevalent this year—this is called gemmation. Other features include premature sprouting of tubers which give rise to stolons or aerial shoots. The stolons sometimes grow their own mini tubers and this is called chain tuberisation.

These conditions not only render significant quanities of potatoes unsuitable for storage, they also affect the starch distribution within the tubers, which lowers cooking quality and makes them useless for processing.

The processors themselves, many of whom have contracted for set quality potatoes at fixed prices of around £80 per tonne, are predictably being pressurised by growers with suitable potatoes to raise their purchase prices closer to the free market level. Some seem prepared to meet producers half way rather than risk having their contracts broken and then being unable to find alternative supplies.

All the indications point to a fundamentally firm market which has been temporarily affected by e glut of substandard supplies. When growers are satisfied they have disposed of their poor-quality tubers they will begin to harvest into store rather than direct to market. Once in storage they can be expected to stay there for some months, partly to justify the expense of getting them out, but mainly because there is a prospect of higher prices in the spring.

Various estimates have been made by potato pundits about when farmers will start to sell from store and when this will become significant in terms of supplies coming on to the market. Some say tonnages will drop sharply at the end of October, others that it could begin to happen within the next two weeks.

There is more disagreement, however, on what is likely to happen to prices in coming months. Some who are East Anglia-based, and therefore probably influenced by regional yields, which are better than average for the year, are cautious. They suggest that physical and futures have further to drop before they begin a gentle rise through the winter.

Others are convinced that the national shorttage is extremely severe and that spot potatoes and futures are much too cheap. Perhaps they are all influenced by their positions in the market.

THE Potato Marketing Board disclosed yesterday that early liftings are more than 20 per cent down on last year. Crops being lifted for the current market are averaging between 28 and 29 tonnes a hectare, about 8 tonnes less than at the same time last year.

However, the board estimates plantings this year of 164,995 hectares, 3,740 hectares up on last year.

On the London potatoes futures market, the April position rose nearly £9 to £196.50 e tonne following estimates of a much lower Dutch crop.

Copper leads decline in base metals

By John Edwards

COPPER LED a general decline in base metal prices on the London Metal Exchange yesterday. Higher grade cash copper closed £21.5 down at £1,015 a tonne—the lowest for eight months.

A sudden decline in the market in the afternoon was understood to be triggered off in New York when a large speculative fund placed a big selling order.

The base metal markets had already eased in nervous reaction to the lower trend in gold and silver. Aluminium, nickel and zinc prices lost ground, and the recent upward move in lead was reversed.

Study suggests new futures range

BY JOHN EDWARDS, COMMODITIES EDITOR

THERE IS the potential for a whole new range of commodity futures markets in London, according to a study released yesterday.

The study commissioned by the International Commodities Clearing House (ICCH) suggests that some of the likely candidates for new futures contracts are apples, beef, eggs, plywood, pork and timber.

Other products such as freight rates, lamb and tomatoes are considered possible for futures market, while cement, milk powder and poultry are viewed as unlikely candidates.

Mr Ian McGaw, managing director of ICCH, which provides the clearing system for the bulk of London's soft (non-metal) futures markets, said: "We are only at the beginning of an important decade in the launching of new futures contracts in London."

The report was aimed to generate interest in new contracts. Discussions on starting apple and meat futures markets were already going ahead, but the study contained several good ideas that should not be filed away.

The London Commodity Exchange is understood to be considering the prospects for a freight rates contract, and has also formed a special new market development committee to provide a forum for discussion of potential contracts.

The study by the City University Business School concludes that further investigation into beef, pork, timber, plywood, freight rates, EEC apples, eggs and tomatoes is warranted. It adds that the best immediate prospect is a market trading both beef (cattle) and pork (pigs) on the same floor, thus spreading the overhead costs.

It is understood that the working party set up to study the proposed pigmeat futures market in London will shortly set a target starting date, either in March or April, but a beef futures contract is unlikely to be introduced until 1985.

The Feasibility of New Futures Markets in London for Certain Commodities—a study of six principal criteria: whether there are existing futures markets elsewhere, the impact of EEC regulations, potential volume of hedging demand, price volatility and market concentration, and the homogeneity of the product.

Apples report calls for careful handling

By Barbara Dalzell

CARELESS HANDLING of apples is costing producers anything up to £11m a year, according to Mrs Teresa Wickham, national chairman of the Women's Farming Union (WFU).

Research for the WFU's retail surveillance scheme for English apples shows that 10 per cent of Class 1 fruit can become Class 2 because of careless picking and handling on farms.

The report on the scheme, released yesterday, calls on producers and retailers to initiate a study into the handling and presentation of fruit, to encourage the training of shop staff in handling fruit, and greater public awareness

PRICE CHANGES

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES lost ground on the London Metal Exchange. COPPER eased at the outset but rallied to £1,065 as sterling weakened. However, the opening of Comex was followed by heavy U.S. selling which pared the price to a day's low of £1,039 before a rally to £1,041.5 on the late kerb. Other metals were unsettled by the sharp fall in copper but losses were generally modest. LEAD closed at £298.5, ZINC at £568.5, ALUMINIUM at £1,107.75 and NICKEL at £3,261. TIN was sustained by buffer stock support and was finally quoted at £7,675.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1025-.5	—12	1014.5-5.5	—21.5
3 months	1051.5-2.5	—13.2	1042-.5	—21.2
Settlem't	1020.0	—12	—	—
Cathodes				
Cash	1003-.6	—14	993-6	—17.2

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3213-6	+15.5	3180-5	—22
3 months	3206-6	+11.5	3260-5	—23.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Cash £3,214, three months £3,296, 98, 97, 98, 97, 96. Kerb: Three months £3,295, 94, 93, 95. Afternoon: Three months £3,290, 85, 75, 72, 80, 75, 70, 65, 60, 58, 58, 57, 58. Kerb: Three months £3,260, 65, 61, 60, 64, 63, 61. Turnover 16,089 tonnes.

SILVER

Silver was fixed 20p an ounce lower for spot delivery in the London bullion market yesterday at 793.0p. U.S. equivalents of the fixing levels were: spot $11.875, down 20c; three-month $12.158, down 20.3c; six-month $12.457, down 20.7c; and 12-month $13.04, down 21.9c. The metal opened at 793-796p ($11.92-11.96) and closed at 790-793p

LONDON OIL SPOT PRICES

	Latest	Change + or —
Arabian Light	28.60-28.65	+0.02
Iranian Light	28.20	—
Arabian Heavy	26.65	—
North Sea (Forties)	30.00-30.05	—0.20
North Sea (Brent)	30.20-30.25	—0.18
African Bonny Li'ht	29.90-30.60	—0.35

PRODUCTS—North West Europe CIF ($ per tonne)

Premium gasoline	283-285	+0.0
Gas oil	251-254	+0.6
Heavy fuel oil	166-168	—

GAS OIL FUTURES

Month	$ U.S. per tonne	+ or —	Business Done
Sept.	250.00	—1.50	250.25-48.75
Oct	253.50	—1.75	254.50-53.50
Nov	259.00	—1.50	258.75-57.75
Dec	262.25	—1.50	263.00-61.75
Jan.	262.25	—1.25	262.75-61.75
Feb	257.00	—5.00	258.00-50.00
Mar	251.50	—2.00	254.00-52.75
April	250.00	—0.50	254.00-51.00
May	245.00	—4.00	246.00-45.00

Turnover: 2,275 (1,391) lots of 100 tonnes.

GOLD MARKETS

Gold fell $3 to $412½-413 on the London bullion market. It opened at $413¾-414¼, and was fixed at $413½ in the morning, and $412¼ in the afternoon. The metal touched a peak of $414-414½, and fell to a low of $411¾-$412¼.

In Paris the 12½ kilo gold bar was fixed at FFr 107,350 per kilo ($414.92 per ounce) in the afternoon, compared with FFr 107,350 ($414.67) in the morning, and FFr 107,600 ($417.60) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,350 per kilo ($414.25 per ounce), against DM 35,440 ($417.00) previously, and closed at $412-412½, compared with $415¼-415¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $413.50 per ounce, against $416.25.

In Zurich gold finished at $411-$414, compared with $415¼-415¾.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Oct.	413.30-14.0	—2.85	414.40-13.5
Nov.	410.50-19.5	—2.75	—
Dec.	410.90-20.0	—2.90	420.80-18.7
Jan.	422.00-34.0	—3.25	—
Feb	480.00-27.2	—3.40	—
Mar	420.50-31.5	—3.35	—
April	435.00-34.8	—3.56	435.00

Turnover: 845 (651) lots of 100 troy ounces.

Gold Bullion (fine ounce)	Sept. 27		Sept. 26	
Close	$415¼-413	(£270¼-275¾)	$410¼-410	(£270.076¼)
Opening	$413¾-414½	(£275¼-275¾)	$417¼-418	(£275¼-275¾)
Morning fixing	$413.50	(£275.705)	$416.25	(£276.394)
Afternoon fixing	$412.25	(£275.164)	$415.00	(£275.931)

AMERICAN MARKETS

Precious metals came under pressure late in the session and finished lower on fears that deflationary pressures will tend to dominate the economy. Copper prices collapsed under heavy long liquidation based on a steady rise in stocks and a present slowdown in the physical offtake. Heating oil prices were sharply lower as spot markets remained under pressure. Increasingly the trade has turned more pessimistic regarding prospective demand in the fourth quarter. Sugar prices rallied impressively on major short-covering as the trade liquidated its hedges before the expiration of the October contract. Cocoa prices sold off in response to higher Brazilian arrivals and light profit-taking following recent advances. Coffee prices traded in a narrow range with the market in a holding pattern and looking for direction from the current ICO meetings. Cotton was firm rallying from an oversold position and also reacting to the strength in the soya markets. Grains and soyabeans recovered on reports of unexpected export business and very limited farm sales. Technically all markets received major support at the low levels and quickly recovered advancing strongly, reports Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2067	2098	2036	2105
Mar	2083	2114	2055	2119
May	2110	2121	2086	2130
Jul	2118	2110	2110	2145
Sept	2128	2150	2160	2150
Dec	2136	2125	2125	2163

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Oct	9.76	2.84	9.55	9.31
Jan	15.52	10.55	10.26	10.12
Mar	11.04	11.20	10.80	10.73
May	11.38	11.57	11.17	11.15
Jul	11.68	11.67	11.50	11.46
Sept	11.91	11.99	11.80	11.64
Oct	12.05	12.20	11.86	11.80
Jan	12.47	12.38	12.35	12.22

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

D-mark firmer against EMS currencies

The D-mark rose to record levels ageinst the Frencb and Belgian francs yesterday. The re-emergence of the D-mark as a traditionally strong member of the EMS reflects a recent softening of the U.S. dollar. This has resulted in increased pressure on the Belgian franc with other currencies such as the Italian lira and Irish punt also suffering from e stronger D-mark.

While the dollar showed little overall change, sterling tended to lose ground on expectations of lower UK interest rates.

DOLLAR — Trade weighted index (Bank of England) 127.8 against 122.1 six months ago. The dollar has retreated from the peaks touched in August, amid growing hopes that e sustained fall may be imminent following several weeks of good U.S. M1 money supply figures. An easing of the Federal Reserve monetary policy, leading to lower U.S. interest rates, has been anticipated for some time, but previous disappointments will encourage some market caution.

The dollar rose to DM 2.6505 from DM 2.6445 against the D-mark but was weaker against the Swiss franc at SwFr 2.1405 from SwFr 2.1425. It was higher against the French franc however et FFr 8.0425 from FFr 8.0175 and Y238.05 from Y237.70.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. August average 1.5027. Trade weighted index 84.4 against 84.4 at noon and 84.6 at the opening and compared with 84.6 on Monday and 78.1 six months ago. The pound has been very steady recently, and thn probable weakening against Continental currencies in sympathy with the dollar is likely to be welcomed. Sterling's recent performance, coupled with hopes of lower U.S. interest rates, has encouraged speculation about lower London rates.

Sterling traded between $1.4945 and $1.5040 against the dollar before closing ot $1.4970-1.4980, a fall of 65 points from Monday. It was also lower against the D-mark at DM 3.9725 from DM 3.98 and SwFr 3.21 from SwFr 3.225. Against the French franc It slipped to FFr 12.0450 compared with FFr 12.055 and Y357 against Y357.75.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. August average 2.6736. Trade-weighted index 126.1 against 131.4 six months ago. Until the recent easing of U.S. M1 money supply growth the D-mark had been at its lowest level against the dollar for nearly 10 years, reflecting the large differential between U.S. and German interest rates. A softer tone in U.S. retes together with a rise in the German Lombard rate beve served to narrow the gap, however, as the Bundesbank has moved to counter excessive money supply growth.

The D-mark had an underlying firm tone at the Frankfurt fixing, despite losing ground to the dollar. The U.S. currency rose to DM 2.6538 from DM 2.6444, and the Swiss franc to DM 1.2359 from DM 1.2335. The Bundesbank did not intervene at the fixing. Sterling fell to DM 3.9730 from DM 3.9750, and the French franc to DM 32.950 per 100 francs from DM 33.005, and closed at DM 32.9550 per FFr 100.

JAPANESE YEN — Trading range against the dollar in 1983 is 246.90 to 226.80. August average 244.39. Trade-weighted index 150.4 against 146.4 six months ago. The yen is recovering slightly faster than European currencies against the dollar, and has strengthened against the D-mark in recent months. This may be an early indication that economic fundamentals are beginning to reassert themselves, in contrast to the previous concentration on interest rates.

The yen improved slightly against the dollar in sleck Tokyo trading. The U.S. currency fell to Y238.13 from Y238.65, after opening on a weak note at Y238.10, and trading in a narrow range of Y238 to Y238.20. The D-mark fell to Y90.01

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.9136	+2.26	+1.64	±1.5447
Danish Krone	8.14104	8.16785	+0.33	−0.29	±1.6425
German D-Mark	2.24184	2.26512	+1.04	+0.42	±1.0842
French Franc	5.87419	5.87441	—	−0.62	±1.4052
Dutch Guilder	2.52595	2.53389	+0.31	−0.31	±1.4964
Irish Punt	0.72569	0.726393	+0.10	−0.52	±1.6899
Italian Lira	1403.49	1372.06	−2.24	−2.24	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Sept. 27	£	$		£ Note Rates
Argentina Peso	19.00-19.07	12.70-12.75	Austria	27.75-28.05
Australia Dollar	1.6570-1.6590	1.1140-1.1150	Belgium	81.00-81.80
Brazil Cruzeiro	1,071.55-1,076.56	715.0-719.0	Denmark	14.25-14.39
Finland Markka	8.4915-8.5070	5.6750-5.6770	France	11.99-12.19
Greek Drachma	139.00-139.60	92.60-92.75	Germany	3.95-3.99
Hong Kong Dollar	12.47-12.57	8.38-8.48	Italy	2395-2425
Iran Rial	131.00*	87.20*	Japan	357-362
Kuwait Dinar (KD)	0.4350-0.4355	0.29066-0.29076	Netherlands	4.49-4.45
Luxembourg Fr.	80.45-80.55	53.76-53.79	Norway	11.03-11.13
Malaysia Dollar	3.5150-3.5950	2.3480-2.3500	Portugal	184-200
New Zealand Dlr.	2.2750-2.2800	1.5200-1.5225	Spain	219½-234½
Saudi Arab. Riyal	5.2080-5.2140	3.4790-3.4805	Sweden	11.70-11.80
Singapore Dollar	3.2075-3.2175	2.1440-2.1460	Switzerland	3.20-3.25
Sth. African Rand	1.6525-1.6540	1.1035-1.1046	United States	1.49-1.51
U.A.E. Dirham	5.4965-5.5030	3.6720-3.6755	Yugoslavia	183-187

* Selling rates.

CURRENCY MOVEMENTS

Sept. 27	Bank of England Index	Morgan Guaranty Change %
Sterling	84.4	−6.7
U.S. dollar	127.9	+18.1
Canadian dollar	92.4	+1.1
Austrian schilling	115.7	+3.4
Belgian franc	90.7	−11.3
Danish kroner	79.8	−5.2
Deutsche mark	126.1	+7.3
Swiss franc	151.9	+13.0
Guilder	116.1	+4.4
French franc	57.5	−14.5
Lira	49.7	−11.7
Yen	150.4	+8.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.704291	0.570685
U.S. $	9½	1.05383	0.854602
Canadian $	9.52	*	1.05347
Austria Sch	3¾	19.6615	15.9469
Belgian F	9	55.6329	45.9139
Danish Kr.	7½	10.0815	8.16685
D mark	4	2.79560	2.26519
Guilder	5	3.12919	2.53589
French F	9½	8.48017	6.87441
Lira	17	1693.50	1372.05
Yen	5½	250.917	203.652
Norwgn Kr.	8	7.79571	6.31807
Spanish Pta	—	160.289	130.150
Swedish Kr	9½	8.26413	6.71075
Swiss Fr	4	2.26205	1.83153
Greek Dr'ch	20½	97.8587	79.3568

* C$/SDR rate for Sept. 26: 1.30088.

THE POUND SPOT AND FORWARD

Sept 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4945-1.5040	1.4970-1.4980	0.03c pm-0.02 dis	0.04	5.03-0.08dis	−0.15
Canada	1.8420-1.8520	1.8455-1.8465	0.10c pm-par	0.32	0.12-0.02 pm	0.15
Nethlnd.	4.43-4.46	4.44-4.45	1⅜-1⅛c pm	3.71	3⅞-3⅝ pm	3.26
Belgium	80.30-80.90	80.45-80.55	3c pm-7 dis	−0.30	5-15 dis	−0.50
Denmark	14.28-14.34	14.31-14.32½	0.15ore pm-0.84d	−0.27	2.86-3.70dis	−0.87
Ireland	1.2710-1.2780	1.2725-1.2735	0.18-0.20p dis	−1.79	0.52-0.67dis	−1.71
W. Ger.	3.96-3.99	3.96¾-3.97¾	1⅜-1pf pm	3.77	3⅞-3⅝ pm	3.65
Portugal	185.00-187.00	185.75-186.25	155-415c dis	−15.38	675-1210dis	−20.27
Spain	227.00-228.50	227.80-228.00	220-300c dis	−13.69	760-920dis	−14.74
Italy	2401-2415	2404-2406	16-19 lire dis	−8.73	50½-54½dis	−8.73
Norway	11.04-11.10	11.07½-11.08½	2.90-3.60ore dis	−3.52	10.00-10.80d	−3.75
France	12.02-12.09	12.04-12.05	2⅞-3⅞c dis	−3.11	13½-15⅞dis	−4.80
Sweden	11.72-11.79	11.77-11.78	2.45-3.00ore dis	−2.78	8.45-9.10dis	−2.98
Japan	355-359	356½-357½	0.95-0.75y pm	2.86	2.60-2.30 pm	2.69
Austria	27.80-28.05	27.92-27.97	9¾-8¼gro pm	3.84	23⅞-19⅛ pm	3.06
Switz.	3.20-3.23	3.20½-3.21½	1⅝-1⅛c pm	5.61	4⅜-3⅞ pm	4.98

Belgian rate is for convertible francs. Financial franc 81.50-81.60. Six-month forward dollar 0.24-0.29c dis. 12-month 0.60-0.70c dis.

THE DOLLAR SPOT AND FORWARD

Sept 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4945-1.5040	1.4970-1.4980	0.03c pm-0.02 dis	0.04	0.03-0.08dis	−0.15
Ireland†	1.1745-1.1795	1.1770-1.1780	0.30-0.26c pm	2.86	0.83-0.75 pm	2.69
Canada	1.2320-1.2333	1.2325-1.2330	0.05-0.03c pm	0.39	0.13-0.10 pm	0.37
Nethlnd.	2.9645-2.9690	2.9660-2.9680	0.96-0.88c pm	3.76	2.50-2.40 pm	3.30
Belgium	53.75-53.80	53.76-53.78	par-2c dis	−0.22	1-5 dis	−0.22
Denmark	9.5500-9.5710	9.5650-9.5700	par-½ore dis	−0.31	1.45-1.95dis	−0.71
W. Ger.	2.6450-2.6580	2.6500-2.6510	0.93-0.88pf pm	4.09	2.57-2.52 pm	3.83
Portugal	124.00-124.60	124.20-124.50	110-280c dis	−18.82	450-800dis	−20.10
Spain	152.00-152.30	152.25-152.30	150-195c dis	−13.60	450-550dis	−13.14
Italy	1605-1608	1606-1607	11¾-12¾ lire dis	−9.15	32¾-34¾dis	−8.40
Norway	7.3910-7.4010	7.3960-7.4010	2.05-2.35ore dis	−3.57	9.50-6.80dis	−3.59
France	8.0225-8.0625	8.0400-8.0450	2.05-2.25c dis	−3.20	9.40-9.90dis	−4.79
Sweden	7.8400-7.8650	7.8600-7.8650	1.75-1.95ore dis	−2.82	5.45-5.65dis	−2.82
Japan	237.90-239.00	238.00-238.10	0.57-0.52y pm	2.74	1.67-1.62 pm	2.76
Austria	18.64-18.67	18.66-18.67	5.20-5.60gro pm	3.79	16.00-14.00pm	3.21
Switz.	2.1370-2.1485	2.1400-2.1410	1.00-0.95c pm	5.46	2.76-2.71 pm	5.10

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.44-54.49.

EXCHANGE CROSS RATES

Sept. 27	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.498	3.973	557.0	12.045	3.210	4.445	2405.	1.846	80.60
U.S. Dollar	0.668	1.	2.653	239.4	8.043	2.144	2.968	1606.	1.233	53.79
Deutschemark	0.252	0.377	1.	89.87	3.032	0.808	1.119	605.4	0.465	20.25
Japanese Yen 1,000	2.801	4.196	11.13	1000.	33.74	8.992	12.45	6737.	5.171	225.5
French Franc 10	0.830	1.243	3.298	296.4	10.	2.665	3.690	1997.	1.533	66.83
Swiss Franc	0.312	0.467	1.238	111.2	3.752	1.	1.385	749.2	0.575	25.08
Dutch Guilder	0.225	0.337	0.894	80.31	2.710	0.722	1.	541.1	0.415	18.11
Italian Lira 1,000	0.419	0.623	1.652	148.4	5.008	1.335	1.848	1000.	0.768	33.47
Canadian Dollar	0.542	0.811	2.152	193.4	6.525	1.739	2.408	1303.	1.	43.51
Belgian Franc 100	1.242	1.860	4.935	443.5	14.96	3.988	5.392	2988.	2.293	100.

FINANCIAL FUTURES

Weaker tone

There was e weaker tone to most contracts on the London International Financial Futures Exchange yesterday, reflecting doubts about a general easing of interest rates despite Friday's better than expected U.S. M1 money supply figures. December Eurodollars opened at 90.29, and touched a peak of 90.34 as the market tried to advance when Federal funds traded at around 8¾ per cent, compared with the previous close of 9 per cent. Fears that the present interest rate position in New York may be technical soon depressed the contract however, which finished at 90.29, compared with 90.35 on Monday.

Gilt futures finished on a weak note, but slightly above the worst levels, as traders expressed some surprise that there was no panic following the sharp fall in cash prices.

December began trading at 108-08, and fell away to a low of 107-23, before closing at 107-24, compared with 108-18 on Monday.

Prices weakened on disappointment at the lack of follow through in the U.S. bond market following the latest sharp fall in money supply, while the market was also concerned at sterling's decline on the foreign exchanges.

There was some speculation that e reduction in clearing bank base rates may be still several weeks away, while the latest chart movements were also seen as unfavourable for the gilt market.

Traders were therefore at something of e loss to explain an improvement in prices of short-sterling interest rate contracts. December opened at 90.70, the lowest level of the day, and closed at the high of 90.75, compared with 90.74

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	90.29	90.34	90.27	90.35
March	89.89	90.02	89.96	90.02
June	89.74	90.77	89.73	89.77
Sept	90.47	89.56	89.47	89.55
Dec	89.35	89.35	89.27	89.38

Volume 2,085 (2,677)
Previous day's open int. 6,100 (6,007)

THREE-MONTH STERLING DEPOSIT

	Close	High	Low	Prev
Dec	90.75	90.75	90.70	90.74
March	90.50	90.51	90.47	90.50
June	90.25	90.26	90.24	90.28
Sept	90.00	—	—	90.00
Dec	89.96	—	—	89.96

Volume 547 (1,103)
Previous day's open int. 4,420 (4,589)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	105-18	105-25	105-19	106-00
Dec	107-24	108-10	107-23	108-18
March	107-09	—	—	108-04
June	106-27	—	—	107-22
Sept	106-13	—	—	107-08

Volume 2,476 (2,357)
Previous day's open int. 3,634 (3,482)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) −2 to 04 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4981	1.5025	1.4965	1.5054
March	1.5000	—	—	1.5070
June	—	—	—	—

Volume 168 (219)
Previous day's open int. 686 (615)

DEUTSCHE MARKS DM 125,000
$ per DM

	Close	High	Low	Prev
Dec	0.3799	0.3807	0.3799	0.3817
March	0.3833	—	—	0.3851
June	—	—	—	—

Volume 33 (146)
Previous day's open int. 467 (404)

SWISS FRANCS SwFr 125,000
$ per SwFr

	Close	High	Low	Prev
Dec	0.4712	0.4712	0.4706	0.4720
March	—	—	—	—
June	—	—	—	—

Volume 8 (107)
Previous day's open int. 128 (85)

JAPANESE YEN Y 12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4217	0.4219	0.4214	0.4229
March	0.4247	—	—	0.4259
June	—	—	—	—

Volume 3 (58)
Previous day's open int. 201 (172)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	72-20	72-28	72-15	72-29
March	72-03	72-06	71-30	72-12
June	71-20	71-26	71-15	71-30
Sept	71-07	71-15	71-06	71-1C
Dec	70-28	71-00	70-26	71-08
March	70-21	70-24	70-21	71-00
June	70-14	70-17	70-14	70-25
Sept	—	—	—	70-19
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m
points of 100%

	Latest	High	Low	Prev
Dec	91.06	91.10	91.04	91.12
March	90.69	90.73	90.69	90.75
June	90.42	90.48	90.42	90.48
Sept	90.19	90.22	90.19	90.25
Dec	89.99	90.01	89.97	90.03
March	89.77	89.80	89.76	90.83
June	89.55	89.60	89.55	89.63
Sept	89.35	89.35	89.35	89.43

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	90.80	90.90	90.79	90.91
Dec	90.45	90.52	90.44	90.54
March	90.06	90.11	90.05	—
June	89.80	89.81	89.79	89.86

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	90.03	90.07	90.01	90.09
March	89.68	89.73	89.67	89.74
June	89.43	89.47	89.42	89.50
Sept	89.19	89.20	89.17	89.26
Dec	89.00	89.00	88.97	89.06
March	88.77	88.77	88.77	88.84

STERLING (IMM) $e per £

	Latest	High	Low	Prev
Dec	1.4985	1.5000	1.4955	1.5040
March	1.5020	1.5020	1.4970	1.5060
June	—	1.5025	1.5025	1.5080
Sept	1.5065	1.5065	1.5050	1.5100
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	69-00	69-11	68-30	69-15
March	68-03	68-08	68-02	68-18
June	67-13	67-19	67-13	67-27
Sept	66-28	66-30	66-28	67-10
Dec	66-15	66-16	66-14	66-28
March	—	—	—	—
June	—	—	—	66-06
Sept	—	—	—	65-30
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

COMPANY NOTICES

AZIENDA AUTONOMA DELLE

FERROVIE DELLO STATO

U.S. $225,000,000
Floating Rate Notes 1988
Convertible until March 1988 into
11¼ per cent.
Bonds 1993

For the six month period
28th September, 1983 to 28th March, 1984

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 9⅞ per cent per annum, and that the interest payable on the relevant interest payment date, 28th March, 1984, against Coupon No.6 will be U.S. $251.20

S.G. Warburg & Co. Ltd.
Agent Bank

PERSONAL

MONEY MARKETS

UK rates show little change

UK clearing bank base lending rate 9½ per cent (since June 14)

Interest rates showed little change in London yesterday. Some rates were marked a little firmer in response to higher Euro-dollar rates and there was probably some disappointment that the Bank of England left its money market dealing rates unchanged. With houses reluctant to part with high yielding bills, the Bank once again resorted to repurchase agreements in order to take out a majority of the shortage.

The Bank forecast a shortage of around £300m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £155m and the unwinding of previous sale and repurchase agreements accounting for a further £283m. Exchequer transactions took another £51m while a fall in the note circulation added £72m. In addition to this banks brought forward balances some £85m above target. Assistance in the morning totalled £283m and comprised purchases of £3m of eligible bank bills in band 1 (up to 14 days) at 9$\frac{7}{16}$ per cent and sale and repurchase agreements on £280m of bills at 9⅝ per cent, unwinding on October 10.

In the afternoon the Bank bought £50m of Treasury bills and £9m of eligible bank bills in band 1 at 9$\frac{7}{16}$ per cent and £1m of eligible bank bills in band 2 (15-33 days) at 9½ per cent. It also provided a late round of assistance of £10m, making a grand total of £353m.

In the interbank market overnight money opened at 9¾-10 per cent and eased initially to 9½ per cent before coming back to 10½ per cent. Closing balances were taken around 9½ per cent.

Three-month eligible bank bills were quoted at 9-9$\frac{1}{32}$ per cent against 9$\frac{1}{32}$-9$\frac{1}{16}$ per cent while three-month sterling CDs were a shade firmer at 9⅝-9⅝ per cent compared with 9$\frac{7}{16}$-9$\frac{9}{16}$ per cent on Monday.

In New York Bankers Trust lowered its broker loan rate to 10¼ per cent from 10½ per cent. While there are already some major banks using a rate of 10¼ per cent, yesterday's move was seen as indicating a slightly more relaxed stance in the market with increased hopes of a sustained fall in U.S. interest rates.

LONDON MONEY RATES

Sept. 27 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	9½-10½	9⅛	—	—	9¾-10¼	9-10	—	—	—
2 days notice	—	—	9¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅞-10	—	—	—	—
7 days notice	—	9¾-10	9¾	—	9¾	—	9½-9¾	—	—	—
One month	9⅝-9⅝	9⅝-9¾	9⅝	10-9¾	9¾	10	9¼	9$\frac{7}{16}$	9⅝-9$\frac{7}{16}$	10$\frac{1}{16}$
Two months	9$\frac{9}{16}$-9⅛	9$\frac{7}{16}$-9$\frac{9}{16}$	9⅛	10-9¾	9¾	9⅞	9-9⅛	9⅛	9⅛	9¾
Three months	9½-9⅝	9$\frac{7}{16}$-9$\frac{9}{16}$	9½	9⅛-9⅝	9¾	9⅛	8¾-9	8$\frac{31}{32}$	9-9$\frac{1}{32}$	9⅝
Six months	9$\frac{9}{16}$-9$\frac{11}{16}$	9$\frac{9}{16}$-9$\frac{11}{16}$	9⅛	9⅛-9⅞	9⅝	—	—	—	9-9$\frac{1}{32}$	9$\frac{21}{32}$
Nine months	9½-9$\frac{9}{16}$	9$\frac{9}{16}$-9$\frac{11}{16}$	9⅝	9⅞-9⅝	9¾	—	—	—	—	—
One year	9½-9$\frac{9}{16}$	9$\frac{11}{16}$-9$\frac{13}{16}$	9⅛-9⅝	9¾-9½	9⅛	—	—	—	—	—
Two years	—	—	10¼-10⅜	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period August 2 to September 6 1983 (inclusive) 9.930 per cent.

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅞ per cent; four years 11-11¼ per cent; five years 11¼-11⅜ per cent. ϕ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 9-9$\frac{1}{32}$ per cent; four months' trade bills 9$\frac{21}{32}$ per cent.

Approximate selling rate for one-month Treasury bills 9$\frac{5}{16}$ per cent; two months 9$\frac{1}{32}$ per cent and three months 8$\frac{27}{32}$ per cent. Approximate selling rate for one month bank bills 9$\frac{5}{16}$ per cent; two months 9$\frac{1}{32}$-9$\frac{1}{16}$ per cent and three months 8$\frac{15}{16}$-8$\frac{29}{32}$ per cent: trade bills 9$\frac{11}{16}$ per cent; two months 9½ per cent and three months 9$\frac{11}{32}$ per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 10 per cent from September 1 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 5 per cent.

Treasury Bills: Average tender rates of discount 9.9826 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¾ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from September 13. Deposits held under Series 4-5 10 per cent. The rates for all deposits withdrawn for cash 6 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Sept. 27	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9¾-10	9¾-10	9⅝-9¾	9½-9⅝	9⅛-9⅝	9$\frac{11}{16}$-9$\frac{13}{16}$
U.S. Dollar	8¾-9	9⅞-9⅛	9$\frac{5}{16}$-9$\frac{7}{16}$	9⅝-9⅝	9⅝-9⅞	9⅞-10⅛
Can. Dollar	10-10½	9¼-9¾	9⅛-9¼	9⅛-9¼	9$\frac{5}{16}$-9$\frac{7}{16}$	9⅝-9⅞
D. Guilder	6$\frac{1}{16}$-6$\frac{3}{16}$	5$\frac{11}{16}$-5$\frac{13}{16}$	5$\frac{11}{16}$-6$\frac{1}{16}$	5⅛-5¼	9$\frac{5}{16}$-9$\frac{7}{16}$	5$\frac{15}{16}$-6$\frac{1}{16}$
S. Franc	1⅜-1⅞	7⅜-7¾	4$\frac{5}{16}$-4$\frac{7}{16}$	4⅜-4⅛	4⅜-4¼	4⅝-4¾
Deutschm'rk	5$\frac{1}{16}$-5$\frac{3}{16}$	5½-5⅜	5⅛-5⅝	5⅝-5¾	5⅞-6	5$\frac{15}{16}$-6$\frac{1}{16}$
Fr'nch Franc	18¾-19⅝	12⅝-19⅝	19⅝-19⅞	14¼-14½	15$\frac{7}{16}$-15⅛	19¼-15¼
Italian Lira	16-17	16-19⅛	17⅛-19⅛	17⅝-18⅝	19¼-18¾	18⅝-19¼
Belg. Franc						
Conv	8½-9	9-9½	9½-10	9¾-10¼	10-10½	10-10½
Fin.	9½-9	5½-9	9⅛-9½	9¼-9⅜	9¾-10	10-10¼
Yen	7-7½	7⅛-7⅞	9¾-5⅞	5$\frac{11}{16}$-6$\frac{1}{16}$	9$\frac{11}{16}$-6$\frac{1}{16}$	6¼-6⅞
D. Krone	9¼-9¾	8⅝-9⅛	10⅛-10⅝	10⅝-10⅞	10½-11	10⅝-11⅛
Asia $ (Sing.)	9⅛-9¼	9$\frac{7}{16}$-9$\frac{9}{16}$	9⅝-9⅛	9$\frac{9}{16}$-9⅝	9⅝-9¾	9$\frac{11}{16}$-10$\frac{1}{16}$

FT LONDON INTERBANK FIXING
(11.00 a.m. SEPTEMBER 27)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 1/2	offer 9 5/8	bid 9 11/16	offer 9 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8¾
Treasury bills (13-week)	9.71
Treasury bills (26-week)	9.86

GERMANY

Lombard	5.5
Overnight rate	5.525
One month	5.65
Three months	5.80
Six months	5.25

FRANCE

Intervention rate	12.25
Overnight rate	12.625
One month	12.4375
Three months	12.4375
Six months	12.5625

JAPAN

Discount rate	5.5
Call (unconditional)	5.65625
Bill discount (3-month)	5.84375

SWITZERLAND

Discount rate	4
Overnight rate	1½-2½
One month	4$\frac{3}{16}$-4$\frac{5}{16}$
Three months	4⅜-4½

NETHERLANDS

Discount rate	5½
Overnight rate	5½-5¾
One month	5⅜-5⅞
Three months	6-6⅛
Six months	6⅛-6¼

$ CERTIFICATES OF DEPOSIT

One month	9.25-9.35
Three months	9.30-9.40
Six months	9.45-9.55
One year	9.70-9.90

LONG TERM EURO $

Two years	10⅞-11⅛
Three years	11⅛-11⅜
Four years	11⅛-11⅜
Five years	11⅛-11⅜

SDR LINKED DEPOSITS

One month	8$\frac{9}{16}$-8$\frac{11}{16}$
Three months	8¾-9⅛
Six months	9-9¼
One year	9$\frac{5}{16}$-9$\frac{11}{16}$

ECU LINKED DEPOSITS

One month	8$\frac{11}{16}$-9$\frac{1}{16}$
Three months	9-9⅜
Six months	9$\frac{1}{16}$-9$\frac{11}{16}$
One year	9¾-10⅛

Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at August 17 1983 (Table 5, Bank of England Quarterly Bulletin)*

£m

		Total to UK residents: Total	of which in sterling	of which in foreign currencies	Financial: Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1983 May 18	46,732	45,087	1,645	3,358	2,956	176	1,589	1,592
	Aug 17	48,714	46,892	1,821	3,518	2,991	176	1,713	1,631
Scottish clearing banks	1983 May 18	5,809	5,312	497	507	326	32	188	287
	Aug 17	6,024	5,575	449	567	405	50	215	302
Northern Ireland banks	1983 May 18	973	966	7	76	72	2	64	10
	Aug 17	989	985	4	69	65	2	54	13
All banks	1983 May 18	111,243	88,907	22,336	21,427	11,773	2,040	3,864	15,524
	Aug 17	116,084	92,162	23,923	22,277	12,128	2,190	4,067	16,020
of which in sterling	1983 May 18	88,907			11,773		1,939	3,551	6,284
	Aug 17	92,162			12,128		2,094	3,745	6,290
Changes: in sterling	1983 Feb/May	+1,039			+703		+ 13	+182	+509
	May/Aug	+3,255			+355		+155	+194	+ 6
in foreign currencies adjusted for exchange rate effects	1983 Feb/May	−250			+ 95		− 1	+ 3	+ 93
	May/Aug	+1,026			+255		− 7	+ 2	+261
Advances only: All banks	1983 May 18	102,316	80,485	21,831	19,550	9,968	1,438	3,857	14,255
	Aug 17	107,502	84,287	23,215	20,433	10,401	1,563	4,062	14,807

		Manufacturing: Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding †	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1983 May 18	9,103	8,443	1,063	748	408	773	2,327	593	447	732	2,011
	Aug 17	9,286	8,604	949	784	414	822	2,340	579	483	744	2,169
Scottish clearing banks	1983 May 18	998	909	187	104	64	44	167	140	29	100	163
	Aug 17	988	912	166	88	57	53	178	136	38	94	178
Northern Ireland banks‡	1983 May 18	118	118	28				36			15	40
	Aug 17	120	119	28				39			16	36
All banks	1983 May 18	22,453	17,808	3,438	3,339	1,209	1,780	4,082	919	1,381	1,298	5,006
	Aug 17	23,179	18,039	3,284	3,347	1,229	2,000	4,154	903	1,423	1,279	5,560
of which in sterling	1983 May 18	17,808		2,713	2,529	942	1,431	3,366	853	1,072	1,122	3,780
	Aug 17	18,039		2,350	2,503	883	1,589	3,440	854	1,164	1,113	4,144
Changes: in sterling	1983 Feb/May	−907		−181	−292	−101	−120	− 40	+ 5	−139	− 8	− 31
	May/Aug	+231		−363	− 26	− 59	+158	+ 74	+ 1	+ 92	− 9	+364
in foreign currencies adjusted for exchange rate effects	1983 Feb/May	−191		− 4	−198	− 28	− 43	− 60	− 3	+ 8	+ 17	+120
	May/Aug	+377		+189	+ 14	+ 71	+ 52	− 19	− 18	− 58	− 14	+159
Advances only: All banks	1983 May 18	18,205	13,810	2,664	2,418	928	1,406	3,620	912	914	1,174	4,170
	Aug 17	19,148	14,428	2,631	2,542	998	1,569	3,755	899	963	1,189	4,623

		Other production: Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	Persons: Total persons	of which in sterling	For house purchase	Other
London clearing banks	1983 May 18	6,115	6,014	3,513	318	2,286	15,210	15,200	7,448	7,762
	Aug 17	6,568	6,386	3,798	377	2,392	16,073	16,063	7,816	8,257
Scottish clearing banks	1983 May 18	1,099	1,005	780	114	204	1,539	1,536	829	710
	Aug 17	1,157	1,072	843	106	207	1,675	1,672	935	740
Northern Ireland banks‡	1983 May 18	259	259	203	8	48	227	227	63	164
	Aug 17	269	269	211	8	50	243	242	70	172
All banks	1983 May 18	11,058	9,300	4,696	2,690	3,672	23,797	23,729	11,129	12,668
	Aug 17	11,635	9,726	5,074	2,673	3,887	25,572	25,499	12,078	13,494
of which in sterling	1983 May 18	9,300		4,669	1,338	3,293	23,729		11,119	12,610
	Aug 17	9,726		5,043	1,024	3,478	25,499		12,067	13,431
Changes: in sterling	1983 Feb/May	+138		+242	−155	+ 51	+1,374		+860	+514
	May/Aug	+426		+374	−134	+185	+1,770		+948	+821
in foreign currencies adjusted for exchange rate effects	1983 Feb/May	− 11		− 12	+ 2	+ 4				
	May/Aug	+107		+ 2	+ 83	+ 21			+ 2	+ 3
Advances only: All banks	1983 May 18	10,896	8,946	4,664	2,433	3,599	23,797	23,729	11,129	12,668
	Aug 17	11,245	9,257	5,029	2,429	3,787	25,572	25,499	12,078	13,494

		Services: Total services	of which in sterling	Transport and communication	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
London clearing banks	1983 May 18	12,847	12,474	1,118	47	27	2,698	2,078	6,876
	Aug 17	13,269	12,849	1,081	54	47	2,806	2,097	7,175
Scottish clearing banks	1983 May 18	1,667	1,637	201	21	53	299	295	796
	Aug 17	1,637	1,615	207	15	78	300	192	842
Northern Ireland banks‡	1983 May 18	294	291		11	32	102	35	115
	Aug 17	289	289		22	10	112	36	115
All banks	1983 May 18	32,506	24,283	3,834	853	1,646	4,640	7,608	13,925
	Aug 17	33,421	26,770	3,826	809	1,435	4,734	8,026	14,590
of which in sterling	1983 May 18	26,298		2,170	426	1,636	4,531	5,925	11,544
	Aug 17	26,770		2,153	387	1,432	4,586	6,138	13,586
Changes: in sterling	1983 Feb/May	−269		− 49	−213	−244	+171	− 8	+312
	May/Aug	+472		− 26	− 39	−204	+ 64	+135	+242
in foreign currencies adjusted for exchange rate effects	1983 Feb/May	−148		− 52	+ 3		+ 30	−119	+ 20
	May/Aug	+285		− 22	− 15	− 7	+ 27	+203	+100
Advances only: All banks	1983 May 18	30,067	24,033	3,690	784	1,648	4,212	3,271	13,465
	Aug 17	31,103	24,603	3,669	732	1,435	4,332	6,779	14,136

Market loans to "UK public corporations" and to "UK private sector" were classified as advances from February 1983. In November 1982 these accounted for £2,644m of "Total lending to UK residents" of which sterling accounted for £1,431m. Changes for February 1983 are therefore not shown, except for lending to persons which is thought not to be affected.
* The introduction of the new monetary sector in November 1981 led to changes in the coverage of this table (for fuller explanation see the additional notes to tables 3 and 5 in the March 1982 Bulletin). Changes for February 1982 are therefore not shown. † Including lending under special schemes for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government."

INTERNATIONAL CAPITAL MARKETS

BOND MARKET SWITCHES ATTENTION TO SWISS FRANC SECTOR

IC Industries seeks $64m

BY MARY ANN SIEGHART IN LONDON

EUROBOND MARKETS had a day of consolidation yesterday after the price gains seen in the last couple of weeks. Though there was some retail buying interest and good turnover in the dollar sector, profit-taking caused prices to drift down slightly on the day.

But while the dollar and D-Mark primary markets stayed quiet, the Swiss Franc new issue market was full of activity.

IC Industries, the U.S. holding company, launched it second dual currency bond in which the interest is paid in Swiss francs and the redemption in U.S. dollars. The bond will be for a minimum of $64m with a ten-year life and a coupon of 7½ per cent. Each SwFr 5000 bond will be redeemed at $3200 and the issue will be priced by UBS on October 3.

The Province of Manitoba became the third Canadian province to tap the Swiss market in the space of six weeks with its SwFr 100m, 10-year issue announced yesterday. Led by UBS, the bond has an indicated yield of 5⅝ per cent and will be priced on Friday.

Meanwhile, Heron Corporation, the UK motor and property company, will be paying a coupon of around 6½ per cent for its eight-year public issue. The bond will be for up to SwFr 100m and is led by Soditic.

Fujitec, the Japanese elevator maker, is raising SwFr 50m through a 5½ year convertible private placement with an indicated yield of 3½ per cent.

Norsk Hydro, the Norwegian chemicals, utility and oil company, is raising NKr 200m through an eight-year bond led by Den Norske Creditbank. This qualifies as a Eurobond because it is being placed largely outside Norway. It has a coupon of 12 per cent at a price of 99½.

Long Term Credit Bank of Japan is tapping the ECU market for ECU 40m through a seven-year, 11⅛ per cent bond led by Credit Lyonnais. It will be finally priced on October 5.

Prices in Switzerland and Germany closed unchanged, following the disappointing performance of the New York market.

Japanese external issues rise

TOKYO – Japanese industrial and commercial corporations issued 199 external bonds totalling $6.58bn in the year to March 31 – an increase of 26.5 per cent over the previous year.

The upward trend continued in the April-June quarter, when 72 bonds worth $2.74bn were raised, Finance Ministry officials added.

The issues covered 36 per cent of the Y3.9bn ($18.4bn) raised by Japanese corporations through bonds, they said.

The Swiss market accounted for 64.8 per cent of total Japanese external bond issues, against 32.6 per cent the previous year.

Euromarket bond issues rose to 5.9 per cent of the total from 2.9 per cent in 1981. The low percentage was due to high issue costs in Germany compared with the Japanese market.

The Eurodollar market shared 23.2 per cent of total bond issues, down from 49.4 per cent for the year before because of high U.S. rates, the officials added.

The remaining 8.1 per cent represented bond issues in the U.S. and depository receipts, compared with 15.1 per cent in 1981. The share of convertible bonds declined sharply to 38.7 per cent in 1982 from 86 per cent the previous year, because of a softening of the Japanese stock market and weakening of the yen.

The share of straight bonds rose to 57.3 per cent from 10.4 per cent in 1981.

Reuter

BHP details $1.13bn financial package

BY MARGARET HUGHES IN LONDON

THE FINANCIAL package of $1.13bn which Broken Hill Proprietary (BHP) is to raise on the international markets will be composed of two Eurodollar floating-rate note issues totalling $565m, a $405m commercial paper facility and a $155m Euroloan.

Nine banks have been appointed to co-ordinate the package – Commonwealth Trading Bank, National Australia Bank, Bank of America, Chemical Bank, Continental Illinois, Industrial Bank of Japan and Long Term Credit Bank of Japan, with Bank of Tokyo acting as general intercreditor agent and National Westminster Bank responsible for loan documentation.

Bank of Tokyo, Credit Suisse First Boston and Bank of America will be responsible for the floating-rate note issues, while the commercial paper facility will be handled by Chemical Bank, Industrial Bank of Japan and the Long Term Credit Bank of Japan.

National Commercial Banking Corporation of Australia is agent for the Eurocredit portion, which is understood to have spreads ranging from ⅜ per cent over Eurodollar rates for the first four years, rising in stages to ¼ per cent at the end of the loan's 12-year life, with an average life of seven to eight years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for September 27.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	94¼	94¾	–0⅛	+1⅛	12.46
Bank of America 0 88 XW	150†*	86	87	+0¼	+0¼	12.05
Bank of Tokyo Hold 11 90	100	94⅝	95⅛	–0⅛	+0⅞	12.12
British Col Hyd 10¼ 88	200	96⅝	97⅛	–0⅛	+0⅛	11.10
C.C.C.E. 11¾ 97	100	94¼	94¾	+0⅛	+2¼	12.58
Can Imp Bk Com 11 90	75	92½	93⅛	+0⅛	+1⅛	12.62
Citicorp O/S 10¾ 90	100	93	93½	+0⅛	+1⅛	11.87
Coca Cola Int 8⅞ 92	100	93⅝	94⅛	–0⅛	+0⅛	10.98
Cred Suisse BAH 10½ 90	150†	96⅝	97¼	+0⅛	+2⅛	11.14
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
E.I.B. 8⅛ 92	15	102⅛	102⅝	0	+0⅛	7.85
Japan Airlines 7⅛ 87	01	101¾	102¼	0	–0⅛	7.17
New Zealand 7⅛ 89	15	102	102½	+0⅛	0	7.15
World Bank 8⅛ 92	20	103⅛	103⅞	+0⅛	+0½	7.76

Av. price changes: on day +⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can Pac Secs 11⅞ 90 CS	75†	97¼	98	0	–0⅛	12.35
Charb France 11⅞ 95 CS	40†	93¼	93¾	+0⅛	+0⅛	12.96
Farm Credit 12⅛ 90 CS	75†	98¼	98¾	+0⅛	+1	12.58
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Nippon Oil Co 5½ 98	4/83	964	123⅝	124⅝	+5⅛	8.26
Nissan Motor 5¾ 98	4/83	770	94⅜	95⅜	+2⅛	2.54
Olympus Optical 5¾ 97	12/82	1321	106⅝	107⅞	–0⅛	2.52
Orient Finance 5¼ 97	3/82	927.2	96⅝	97⅞	+0⅛	8.14
Orient Leasing 5¼ 89	6/83	2680	96⅛	97⅜	+0⅛	–3.63
Secom 5 98	11/83	2828	122½	124	+0⅛	3.97
Sumitomo Electric 5½ 97	3/82	577.3	113¾	115¼	+0⅛	4.13
Sumitomo Metal 5⅛ 96	10/81	298.1	76	77½	–0⅛	41.77
Yamaichi Sec Co 5 98	8/83	472	94⅜	94⅞	0	–1.49
NEC Corp 3½ 93 SF	6/89	978	151½	153½	–1	–2.58
Sanyo Electric 3⅛ 93 SF	5/83	601	106¼	108¼	+1	0.49
Konishiroku 6⅛ 88 DM	6/82	616	119⅛	120⅛	+0⅛	1.93
Mitsubishi Heavy 6 88 DM	2/82	263	114⅛	110⅛	0	–0.32
Seibu Realty 6⅛ 92 DM	2/83	305	117	118	–0⅛	–2.27

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FINANCIAL TIMES SURVEY

Private housebuilders are expected to complete 160,000 homes this year, the highest total for a decade, helped in part by government measures. Simultaneously, the squeeze on capital expenditure has limited efforts by the public sector

UK Housebuilding

Pictures: Ashley Ashwood, Trevor Humphries

New houses at St John's Wood, London (above), Banstead, Surrey (right, above) and Thamesmead South East London

BRITAIN'S HOUSEBUILDERS are enjoying their first sustained boom since the early 1970s and, for the first time, all the impetus is coming from the private sector.

This year private housebuilders' completions should top 160,000 — the highest since 1973 — while output in terms of earnings is expected to rise by 20 per cent to £1.6bn, a further improvement on last year's 16 per cent upturn when the signs of a turnabout first emerged.

By contrast, the squeeze on capital expenditure has limited the public sector's share of this key indicator industry's performance to a much more modest rise, up 5,000 units to 54,000 forecast completions in 1983 — a marked contrast to the 107,000 recorded a decade ago.

In part, the success of the housebuilding sector is due to Government measures to boost an industry which, with repair and maintenance, generates £9bn annually, and which significantly, can make a major contribution to increasing employment opportunities.

But the greatest efforts have come from the builders themselves who, after a decade of depressed activity, have woken dramatically to buyers' needs with almost revolutionary changes in product development, design and marketing techniques.

Much of this achievement can be attributed to Barratt, whose skilful wooing of the first time buyers sector, has lifted its sales in just five years from £122m to £386m and quadrupled profits to £40m. This year the company is aiming for 18,000 starts, a substantial lead over Wimpey, the former pioneer, which expects about 11,000.

But, as the annual autumn sales drive begins with the launch of new products and incentives, some industry observers are now questioning how long the last two years' growth can be maintained.

About half of the new 1m home-owners acquired their properties through buying from the public sector, with the remainder purchasing from the second-hand market or private builders. The tail-off in council house sales now means that the private builders must supply the bulk of demand for new homes.

Waking up to buyers' needs

By IVO DAWNAY

No one doubts that the demand is there. A Building Societies Association study has established that 80 per cent of the population — 90 per cent among under-30s—wish to own their own homes. The problem now lies in supplying the properties at prices the customer can afford to pay.

Scepticism as to the industry's ability to do this is borne out in the two forecasts available to the industry. The first, and most quoted, comes from the National Economic Development Council's building committee.

This predicts a continuing modest rise in public sector building to 64,000 completions in 1985, but a stablisation at 160,000 in the private sector next year, then in 1985 a modest downturn to 150,000.

The second forecast, issued by the Building Materials Producers, projects total completions falling from a 1984 high of 215,000 to 195,000 the following year. More ominously, it predicts a substantial fall-off in building starts from a peak this year of 215,000 to 195,000, in 1985 — a return to last year's levels.

Projections have long been treated with healthy cynicism by the industry. Sir Lawrie Barratt, as ever upbeat, dismisses these figures as the delusions of "the gloom merchants."

Nevertheless, many builders are less optimistic. And the sources of their concern—the rise in land prices and future of the mortgage market — are acknowledged, even by Sir Lawrie, as the principal areas of doubt.

Of the two, it is land that has dominated the headlines this summer. In part, the land famine, as it is known emotively by the industry, is a result of the builders' newfound success in generating sales. But a second factor, perhaps more important, is the continuing migrations of industry and commerce, and consequently population, from the North and Midlands to the South.

Evidence for this is seen in house prices which are projected to rise by about 12 per cent in London and the South East over the current year compared to often low single-figure improvements in the depressed North.

Housebuilders now find that competition for some key sites has pushed land costs up to as much as £300,000 an acre, while land as a proportion of unit cost has risen from 15 per cent to as much as 30 per cent — a figure last known during the property boom of the early 1970s.

Under this pressure, the House Builders Federation has launched a relentless campaign to persuade the Government to enforce a wholesale review of structure plans. This summer new signs of ministerial intervention emerged with a series of directives to authorise to prepare their structure plans and Green Belt policies to accommodate the new demand.

The implication is that if the Home Counties, naturally resistant to further development, fail to respond, the Government will. Mr Patrick Jenkin, the new Environment Secretary, made a point earlier this month of highlighting the growth of London's Green Belt, which has more than doubled to 1.2m acres in the last four years, as one inhibitor of growth.

While insisting that the Green Belt principle remains intact, he has called for local authorities to review its boundaries to allow peripheral and unobtrusive sites to be released.

Interpret

The mortgage issue, though less crucial, is harder to interpret. The effects of the Abbey National's decision to quit the interest rate cartel remain uncertain. Mr Clive Thornton, Abbey National's chief general manager, predicts a 1.25 per cent cut in his interest rates, but other societies warn gloomily of increases.

Since the winter mortgage surplus turned to a famine this summer the market for home loans has looked increasingly volatile. The banks, whose sudden appearance on the scene earlier in the decade was matched only by the speed of their withdrawal, are again expected to enter the market.

But builders and industry analysts tend to argue over the significance of the mortgage queues. Mr Tom Baron, chairman of Lancashire housebuilder, Christian Salvesen, says: "I would prefer to see more mortgages at 12 per cent and no shortages, rather than fewer at 10 per cent."

However, one City stockbroker claims: "The length of mortgage queues has virtually no effect on sales."

This could be borne out by the fact that though mortgages are now more expensive in relation to inflation, the house price/earnings ratio is very low.

The price of home loans has now become another key card in the volume builders' bag of marketing tricks. Wimpey this month announced an "Autumn magic" package offering repayments at just 6 per cent for the 12 months until August next year. And Barratt has used a 10 per cent come-on for over a decade.

The range of incentives that are now on offer encompasses payment of removal expenses, legal fees, stamp duty and the incorporation of extras.

But there are growing doubts among the smaller builders as to the importance of handouts. If the location is right, then demand will be there anyway, they claim.

In other sectors, the slightly smaller companies—priced out of the large, high-density sites—have greater access. Mr Philip Warner, chief executive of Bovis Homes, believes that the second-time buyers, looking for a four-bedroom detached house at about £45,000, are set to provide proportionately greater growth in the coming year.

Another boom sector, sheltered homes for the elderly, is also forecast to increase still further.

Expectations for the public sector-dominated repair and maintenance market are depressed, however. Pressure on councils' capital spending would be damage enough. But there is growing evidence that neither councils nor the builders themselves have much enthusiasm for the enveloping schemes and other repairs' packages pushed by the Government.

The most persistant dark cloud on the builders' horizon has been the controversy over the quality and durability of the timber-framed building system. Though attacked as vulnerable to damp and rot by a television programme, the timber-frame house has been broadly endorsed both by the National House Builders Council and, more important, the Building Research Establishment.

Committed

Doubters will now have the newly-formed New Homes Marketing Board to allay their fears, and satisfied or not, there is no doubt that the volume builders are fully committed to the system which accounts for 25 per cent of all new houses.

In a rare comment, reminiscent of the bad old pre-marketing days, one suitably-anonymous volume builder said: "That's what we are building, so that's what they'll get."

Builders' claims that there is a land famine have been given a sympathetic hearing in Whitehall

Land: battle for the Green Belt continues

BUILDING INDUSTRY historians may look back one day at 1983 as the date of the War for Jenkin's Ear. Just three months after the appointment of the new Secretary of State *for the Environment*, it looks as if the housebuilders are winning.

Throughout the summer the housebuilders and their allies have been pressing their claim that Britain is suffering from a land famine. If action is not taken quickly, they argue, a major wealth-generating sector, capable of creating substantial number of jobs and realising the Prime Minister's dreams of a property-owning democracy, will be lost.

Evidence that their entreaties have not fallen on the deaf has been quick to come. Only a month after reaching his desk, Mr Jenkin began to issue a stream of draft circulars, guidance and memoranda putting *pressure on the planning* authorities to address the problem.

The first, Land For Housing released in July, ordered authorities to redouble their efforts to allocate sufficient land to meet five years' housebuilding requirements. It was followed the next month by a second draft directive proposing *that county structure plans* should consider, in special cases, redrawing the boundaries of Britain's 14 green belts should be considered.

"If Green Belts are drawn excessively tightly around existing built-up areas, it may not be possible to maintain the degree of permanence that Green Belts should have," the circular read.

Despite the ensuing furore from the conservation lobby, Mr Jenkin repeated the point at a planners' conference in Scotland earlier this month, adding for good measure that since 1979 the London Green Belt had expanded through planning decisions by 45 per cent and now covered 1.2m acres or three times the area of London itself.

Within a week, the Environment Secretary had issued a further directive calling on authorities to respond positively to planning applications stemming from the imminent completion of London's orbital M25 motorway.

Reaction to this apparent slackening of the planners' grip has come quickly, not just from the local authorities themselves, but from the House of Lords and bodies such as the National Trust and Campaign for the Preservation of Rural England.

But are the housebuilders right to complain of land shortages? And if so, what do they propose?

The principal forum designated to answer these questions is the Joint Land Requirements Committee—an uneasy marriage *of Britain's housebuilders* and planners. A paper issued last February by the Housing Research Foundation on the JLRC's behalf attempted and failed to draw mutually agreed conclusions on the key points. But it did find some areas of accord.

Disagreement

The main point the HRF study established that demand, established in 1977 as about 300,000 houses a year, could be revised down to about 220,000.

Beyond that there was disagreement. *While the county* planning officers claimed that structure plans, plus redevelopment and infill could cover this figure, the HRF concluded that present provisions could leave a shortfall of up to 30,000 homes.

Similarly, the latest report of the South East Standing Conference on Regional Planning—the key pressure area—claims that adequate provisions had

PRIVATE SECTOR HOUSING LAND PRICES BY REGION

	Reported number Transactions	Plots	Hectares	Simple average price per plot £	Index of weighted average price: plot or hectare
South East (excl. Greater London)					
1979	294	10,136	398	4,138	205
1980	277	7,282	299	6,648	265
1981	183	4,426	164	6,929	286
1982	266	6,866	270	7,707	
The North					
1979	39	1,103	51	2,853	186
1980	32	1,219	57	3,364	215
1981	20	648	29	4,145	289
1982	22	649	27	3,094	
England and Wales					
1979	1,420	39,676	1,715	3,937	183
1980	1,143	27,835	1,209	4,466	241
1981	786	17,389	736	4,838	250
1982	1,000	23,604	942	5,338	281

Source: DoE

been made in structure plans for the 233,000 homes required in the South East over the next five years.

But while the housebuilders do not contest this, they argue that many of the allocated sites are not in areas of highest demand and that some counties are using the targets based on *historic* demand to *reduce* land availability.

To back their case, the House Builders Federation points to evidence in the market place. Since 1971, they point out, average prices for plots for private development in England and Wales have soared from about £930 to £4,840 in 1981.

Over the same period, land sold declined from 4,058 hectares to 736 hectares, while actual transactions have fallen from 2,373 to 786.

In the intervening 18 months, this trend has continued with some sites changing hands for a phenomenal £300,000 an acre. As a consequence, while other costs have stayed in line with inflation land has increased from an average 15 per cent of the house price to up to 30 per cent.

Turning their attention to the politicians, the builders point out that the decline in public building—squeezed by expenditure restraints—means that the bulk of new homes must come from the private sector.

Slum demolition programmes, they add, have been reduced in a decade from 70,000 homes a year to 20,000. On that basis, Britain's 20m housing stock would be sufficient only if every property had a natural life expectancy of 900 years.

The housebuilders also counter *claims* that there is sufficient land in the inner cities to meet demand. An HBF study, uncontested by the local authorities, suggests that of the 100,000 acres shown on Land registers, only 11 per cent, or enough for 130,000 homes, is suitable for building.

Mr Roger Humber, HBF director, concludes: "There is no justification for a planning system unless it takes hard choices into account and is prepared to change its policies."

The housebuilders' solution is to urge the Government to call an immediate freeze on all expansion of the green belts to allow a full review of the county structure plans. These would then incorporate substantial new provisions of land to meet demand where it is strongest.

In addition, Consortium Developments, a new company formed by most of the ten largest builders, is piling on the pressure with plans to build 15 mini-towns—five in the hallowed London Green Belt—to house populations of between 7,000 and 11,000.

This leaves the Government in a highly-sensitive political quandary. On the one hand, the advantage in jobs, growth and its objectives in extending *home ownership* must tempt ministers to pressure the authorities to loosen the planning noose.

But, on the other, the areas where restriction are tightest are in the South East—often strong Conservative country highly hostile to the incursion of new developments—but also the region where demand both for home and labour is highest, as are prices.

Evidence

At the moment, all the evidence suggests that the Government is prepared to push ahead, forcing the authorities to surrender to market pressures.

How far it will go is yet to be seen. The Housebuilders are closely watching for the Environment Secretary's verdict on the structure plans of Buckinghamshire, Hertfordshire and Kent, due shortly. If they are sent back for revision, the industry will believe it is winning the first major battles.

Nevertheless, as long as the demand holds up—and as yet there is no evidence that it will not—pressure on prices will remain keen, with no prospect even of stabilisation yet.

Only if Consortium Developments succeed in winning Jenkin's ear will many industry sceptics believe that a *modest* decline in land costs could be on the way.

Ivo Dawnay

Marketing techniques greatly improved

A LONGSTANDING criticism of the UK housebuilding industry has been that, while it might have had a fairly good idea of how to build homes, it got precious few marks when it came to selling them. The criticism no longer applies.

For many years, according to the critics, the average housebuilder put up what suited him rather than what the customer required, with the result that contractors were invariably left with homes they could not sell. Cash flow problems quickly put them out of their misery.

In a classic example, large numbers of developers got horribly caught out in the early 1970s — not just because they managed to step up output as demand dried up (housing production cannot be turned on *and off like a tap*) but also because they had built the wrong kind of homes.

Housing demand at that time, which few had properly analysed, was from the first-time buyer and purchasers generally in the lower to middle end of the price scale. However, many contractors were building for millionaires who resolutely refused to materialise.

So the first element of the marketing package—and presumably the most important—is to provide the homes which *people require*. There *is* now plenty of evidence to suggest that the housebuilding industry is attempting to do just that, in terms of design and cost.

The new housing market has been dominated for some time by the need to meet the needs of people with comparatively modest incomes, and chasing this sector has proved extremely successful *for some* contractors.

No one suggests that there is no room for more expensive housing, with land prices in many parts of the country in any case making "cheap" accommodation an impossibility. But the recent emphasis has been placed squarely on providing "value for money" and on *tempting wavering* owner-occupiers in through the door.

The package of "temptations" put in their way has become immense and its presence is a *measure of how the housebuilders* are currently paying as much attention to promotion as they are to the plumbing.

Incentives

Sales incentives in the housebuilding industry are hardly new — between the wars prospective purchasers would be taken to view development sites by chauffer-driven limousine — but never before have they been used so widely or comprehensively.

Today, the potential customer is confronted by a dazzling range of incentives designed not only to make house purchase apparently cheaper but also considerably easier.

The *prime sales tool* is the mortgage rate itself. At 11¼ per cent, the cost of home loans has been much higher in the past, though in real terms (when set against the prevailing rate of inflation) they have never been more expensive.

To help ease the burden, several of the volume housebuilders have become used to freezing the mortgage rate when further increases have been announced. The rise in mortgage rates during the summer was followed by a predictable rush *of* undertakings from builders, vowing to limit interest rates to their previous level.

For some of the market leaders, the cost of such a gesture will run into hundreds of thousands of pounds, but they readily appreciate that up to three-quarters of their sales involve first-time buyers, whose buying plans are particularly sensitive to the size of their monthly mortgage repayments.

But not all builders agree. Major contractors like Tarmac have refused this time to join in the mortgage subsidy game, saying that the total house price is currently a more significant factor in buyers' plans. Some builders are openly hostile to the practice, describing it as nothing more than a marketing gimmick which builders will in any case claw back through higher asking prices.

Protection

The subsidised mortgage rate is not the only marketing aid, the real benefit of which requires careful examination. At present, the list of incentives available to customers includes the provision of carpets and fully-fitted kitchens, mortgage protection schemes in case of redundancy and the payment of stamp duty, legal fees and even removal expenses. All these are designed to reduce the apparent cost—or inherent risk—of home ownership and are accompanied by less subtle enticements such as free holidays and cars.

The question which needs to be asked is whether or not the customer is really getting the bargain as presented, or whether the expenditure incurred by the housebuilder is simply recouped in selling prices.

The added danger, which some contractors have pointed to, is that builders are simply overpricing houses in order to accommodate their sales gimmicks, something which the owner could ultimately discover to their disadvantage when they come to sell.

Whatever the outcome, there seems no question that the revolution in marketing which has transformed the private housing market is not simply a reflection of any short-term problems in *terms of demand.* Building society lending is running at extremely high levels and builders are stepping up output.

A more buoyant market is, this time, unlikely to see the incentive package disappear. Indeed, the housebuyer has now become accustomed to them and will expect them to continue. The cardboard box under the stairs with a packet of soapflakes, a box of matches and some spare fuse wire will no longer do the trick.

The marketing job is, of course, not one that should be left to individual housebuilders and a co-ordinated approach to the promotion of home ownership as well as of individual developments is desirable. The newly formed New Homes Marketing Board should help fulfil this particular role.

The recent controversy over the safety of timber-frame houses, which account for about one-quarter of all new output and are being forecast to rise as high as 40 per cent within a few years, is a case in point. It is in the interests of the industry as a whole to launch a collective campaign to emphasise the quality of their buildings, rather than indulge in sniping which is designed to hurt the opposition but which will inevitably harm the credibility of the housebuilding industry.

Michael Cassell

Hope has faded that setting up land registers would bring many more building plots on to the market

Myths of the inner cities

THE ACHIEVEMENTS in Britain's inner cities, the restoration of long-derelict sites to housing use and the reconstruction of crumbling public sector tenements for sale cheaply to first-time buyers, have helped create the myth that all of Britain's future housing requirements can be met through better use of urban land.

But however enticing the idea may be both to those genuinely concerned about preserving the countryside and to those more selfishly concerned not to see more new houses built next to theirs, it is simply not true.

In the latest Government draft circular sent out in July and entitled simply "Land for Housing," Mr Patrick Jenkin, Environment Secretary, refers to the need to make full use of "land available within existing urban areas"—but then goes on to state quite clearly: "Most new housing will continue to be on new sites and structure and local plans must make proper provision for such development."

The attraction of replacing green field sites with inner urban ones is not recent. The previous Environment Secretary, Michael Heseltine, came under immense pressure from Conservative politicians all over the Home Counties to help them keep private housebuilders away from their angry electorates. At the same time he was inundated with reports of publicly-owned inner city land which was under-developed or completely derelict.

In an attempt to kill two birds with one stone, he set up the network of land registers, the first of which was published in April 1982. It is clear from political and Parliamentary speeches made at the time that Ministers thought they were about to find a real panacea.

But even early analyses of registered land were sobering; the Environment Department considered only 5,000 of the first 15,000 sites listed as suitable for development of any kind, but persisted in its efforts to get the whole country covered.

Last October the Housebuilders' Federation published a close scrutiny of 68 registers, listing a total of 100,000 acres of land. It concluded that barely 11 per cent was both truly available and also suitable for private housing.

Builders continue to be accused—especially by bodies like the Council for the Preservation of Rural England and the Labour-controlled Association of Metropolitan Authorities—of refusing to take on inner city sites because green field development is more profitable.

This is becoming less and less true, as leading housebuilders as well as medium and small builders pick up the gauntlet and become involved in Bristol, London and Liverpool docklands and in places like Birkenhead, Newcastle and Slough where often the risks are considerable, while the profits ar strictly controlled through pricing agreements with the local authorities.

London's Docklands are probably the outstanding example. The April 1981 census showed that there were 784 owner-occupiers in the area covered since July 1981 by the London Docklands Development Corporation (LDDC)—and 12,000 public sector houses and flats. The corporation's target was to carry out reclamation work, draw up briefs, select builders, negotiate designs and prices and release land for about 2,000 homes a year, and so far it is on target, with Britain's two biggest housebuilders, Barratt and Wimpey, having the first completed sites in Beckton, where all 360 houses were sold very quickly.

Converted

A survey showed that some 35 per cent of buyers were previously council tenants and almost 20 per cent were living in the London Borough of Newham already. Other builders involved in London Docklands include Wates, Broseley, Comben, McInerney and Roger Malcolm.

The LDDC aims to provide about 10,000 low-price homes on its own land, far outnumbering the very expensive waterside developments, some in converted warehouses, which have provided ready targets for local protesters.

Elsewhere in London, major new housebuilding is prevented largely by the physical absence of suitable sites and by a general lack of co-operation from borough councils.

An example of what can be done on a small site is Westminster's joint venture with developer R. P. Taylor and architect Jeremy Dixon in Maida Vale. What looks externally like five handsome detached houses is actually five blocks of seven flats each, built to sell at £17,500 to £18,500. The council loses nothing, the developer makes a slim profit and the main benefits go to the buyers, all council tenants.

On Saturday, March 5 this year, 50 modernised flats went on sale in Liverpool's Toxteth district, at prices between £12,000 and £16,000. By the end of the day they had all gone. The site was bought from the council by Barratt's northern subsidiary, and the company intends to invest £5m in renovating 220 flats and building 120 new ones.

Barratt's outspoken founder and chairman, Sir Lawrie Barratt, makes no claims to altruism or a social conscience. The development, Minster Court, is a good business proposition, he insists, based on his company's difficulties in getting green field sites and the low price he paid Liverpool Council for the semi-derelict estate they were actually demolishing when he offered to buy it.

The price was about £250,000, which would have bought Barratt's no more than three or four acres of prime building land elsewhere, probably with planning permission for no more than 15 houses per acre.

Since May, however, a return to power by Labour in Liverpool (it was the Liberals who sold Minster Court), means this success may be the last for a while.

Across the Mersey, at Birkenhead, Leech Homes are co-operating with local church leaders to try to re-create a community on an 18-acre clearance site. The idea is to provide homes for owner-occupation at weekly outgoings low enough for rehoused tenants to afford.

Operating jointly with Wirral Council, Leech is investing £5m with the council providing the land. Many of the units were sold before the showhouse was even opened.

Leech Homes is also in partnership with Newcastle Council, in buying and renovating for sale old council houses which the council cannot afford to improve and building new blocks of flats in clearance sites near the city centre. Council houses have been sold also to private developers for improvement and sale in Hawick and Motherwell this year. But the numbers are limited. Government figures indicate that between April 1979 and September 1982, building for sale partnerships between local authorities, housing associations, new towns and private builders produced over 15,000 dwellings.

Encouraging

This is very encouraging when it is considered that without this recent initiative those houses would simply not have been built at all. But as a proportion of what is a sensible annual rate of new housebuilding, now generally agreed to be about 250,000 a year, it is but a drop in the ocean.

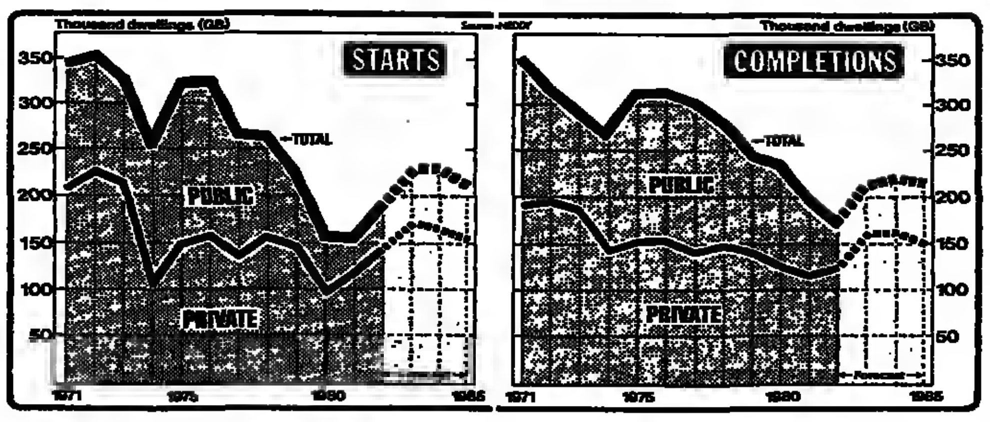
One way of increasing that proportion has been put forward recently by Tom Baron, leader of the Volume Housebuilders' Study Group (to which Britain's top ten builders belong) and a former housing adviser to the Environment Secretary. It is, as is often the case with Mr Baron, radical and uncompromising. He wants areas designated in most cities where demolition is considered the preferred solution.

In those areas, owners willing to move out should be given £10,000 interest-free loans towards the purchase of a new house, built in the immediate vicinity, subject to a condition that they should sell their existing house to a developer at its current value—with no entitlement to an improvement grant.

The housebuilder who sells his new house to such an owner-occupier must agree to take the old house in part exchange and must either demolish it and redevelop the site—or improve it without a grant for sale or rent.

On this basis, Mr Baron envisages urban renewal taking place at five times the current rate of only about 20,000 demolitions a year. He does not see it as solving the broader housing land problems, but of helping to save and revive our cities.

Mira Bar-Hillel



Builders competing for volume sales

FEW BOOKIES would require a photograph to identify the current winner in the race for first place in the 1983 private housebuilding stakes.

Way out in front is Barratt Developments, whose plan to build 18,000 homes this year leaves the old favourite, Wimpey Homes, with about 11,000, a poor second. A good furlong or two behind comes Tarmac with about half Wimpey's figures; and behind, the main pack of builders—Broseley, Bovis and Bryant among them—closely pursued by rivals.

Indeed, figures released by the National Housebuilders Council show that in 1982, of the 21,000 members on their register, just under 13,000 failed to build any homes at all.

Those NHBC-registered companies building more than 500 homes totalled no more than 30 and, of these only 15 are reckoned by the industry to construct more than 1,000 homes.

While 20 years ago only Wimpey could justifiably call itself a national housebuilder, several new competitors—most vividly, Barratt Developments—have revolutionised the shape of the industry.

Last year, those 15 top companies supplied 50,000 houses out of a total market of about 130,000. Barratt's projected 18,000 compares with 14,000 built last year and it can safely be assumed that other builders will take disproportionately large slice of the total market at the expense of their competitors.

The trend towards volume building looks set to continue throughout the 1980s. The drive for growth dictates substantial capital resources, only available to high-turnover companies with strong institutional or parent company support for raising finance or the ability to make rights issues.

Financing the building of 1,000 houses a year is estimated by the volume builders to tie-up about £15m, rising to up £30m in the highly-prized (and costly) South-East locations.

Of this, up to 50 per cent is accounted for by land costs. And with prices now booming, under the pressure of competition for sites, at least in the prime locations, few volume builders believe they can survive with land stocks of less than three years' supply.

The remaining costs split between overheads of about 10 per cent, the use of showhouses taking up to 15 per cent and work-in-progress which absorbs the balance.

Margins

Pressure on margins also favours the bigger builders. With the purchasing power to acquire the largest sites, the volume companies are able to reduce on-site costs. On a 30-home site, for example, these may average £2,000 per unit; but on a 100-home site, this price can fall to as little as £800.

Other advantages enjoyed by the volume builders include the muscle to sustain lengthy advertising and promotional campaigns along with the ability to hire the highest-quality professional and managerial talent.

According to Mr Tom Baron, the often outspoken chairman of Christian Salvesen, the Lancashire-based housebuilder, it is the middle ranking builders who look weakest in the years to come.

"The very small chaps can jump in and out of the market at will," he says. "They can work on small local sites and capitalise on their reputations. But it is when they try and move up from under 200 to 1,000 units that they start becoming vulnerable. Most of them don't have the expertise to cope."

The temptations for large companies to acquire their smaller rivals is limited, however. Though many operate their regional offices on a near-autonomous basis, the basic management practices, building methods employed and standardised marketing techniques are usually rigidly controlled from headquarters making takeovers a time-consuming occupation.

Mr Baron estimates that the volume builders need to show gross profits of between 18 and 20 per cent of unit prices to stay ahead. Of this, 6 to 7 per cent will be absorbed by overheads and a further 3 per cent by interest rates.

"In a good year, we might make 11 per cent," he says, adding that this is about the minimum needed to service work-in-progress and replenish land banks.

If the small- to middle ranking companies, building anything between 100 to 3,000 homes, do catch cold, the infection is most likely to come through a combination of intolerably high land prices and squeezed margins.

But they do have several strengths and avenues for expansion lacking in their bigger brothers. While Barratt, Wimpey and the other giants are certain to dominate the starter home sector (basic houses costing between £18,000 and £35,000), they are less in control of the more expensive sectors.

Higher prices for houses, ranging from £35,000 right up to £200,000, also give the mid-rankers more manoeuvrability in terms of tailoring their designs to individual customer's wishes while still maintaining profit margins.

Bovis Homes, whose 2,600 units projected for 1983 ranks it around the middle of the Top Ten, has set out to develop its trade-up sector with considerable success.

The company now sells just 15 per cent of its annual output to first-time buyers and its average house is a four-bedroom detached selling at about £45,000, on sites of densities of about 20 to 25.

Confident

"The market for very high-density land was intense with our larger competitors always prepared to pay higher prices," says Mr Philip Warner, Bovis Homes' chief executive. "We now take the view that while the bottom end of the market may slacken off, we are confident we will pick up further."

Other companies such as Bellway have tackled the giants by dispensing with costly "come-ons" such as providing cookers and fridges or paying removal expenses and stamp duty, by minimising marketing and promotional costs and offering the saving back to buyers with larger square footages per unit.

McInerney Homes the housebuilding arm of the Irish construction company, has chosen another route, finding more than 75 per cent of its market in joint ventures with local authorities and other landowners and so saving on the costs of buying land.

But the greater flexibility enjoyed by the smaller companies, and their ability to dodge out of the market when or if demand slackens is their greatest asset. For Wimpey and for Barratt, the carnival of fast-moving television advertising and a bottomless bag of marketing tricks, must remain the way to stay ahead.

Ivo Dawnay

The increase in owner-occupation has created a new type of demand, as **Mira Bar-Hillel** reports

Starter and sheltered homes in full swing

IN TEN years' time, sociologists and statisticians both now tell us, there may be as many as 6m people living on their own in Britain—three times as many as in the early 1960s. There will also be at least 8m people aged 65 or over—compared with only 5.5m in the early 1950s.

Even allowing for considerable overlap in those two figures, the inescapable conclusion must be that with well over a quarter of householders in the not-too-distant future coming into the live-alone category, special provisions must be made. It is not escaping Britain's builders either.

There can be no doubt that the most notable innovation in the private residential market over the past few years has been the small dwelling, built for two people, and even more recently built for one. The trend began at least ten years ago but got into high gear in conjunction with the increasing popularity of owner-occupation and the special measures taken on behalf of, and for the encouragement of, first-time buyers.

Special Government schemes and grants (however insignificant financially), and allocations set aside by building societies, all helped nurture the existing inclination of growing numbers of people to own the roof over their heads.

On the other side of the coin was the drastic decline suffered by the public sector. Ironically, after decades of building almost exclusively family-sized accommodation, just when the public sector was beginning to wake up to the needs of young singles or childless couples, unable to afford a home yet often desperate to leave a parent's home for personal or economic or work reasons, the axe began to fall.

In a process that began under Labour, housing budgets were halved, then halved again. And although new estates, when and where they are still built, almost invariably now have a sounder mix of different sizes of dwellings than they did in the past, there seems little hope of the public sector ever recovering sufficiently to close the gap and cater to this seemingly insatiable demand.

Priority

The same problem is hitting those at the other end of the market — the elderly. Although Government policy is to give special housing a priority at this time of cuts (and this includes the disabled as well) there is simply not enough money available to keep up with a population which is not only older, but also more likely to grow older still, in better health and more active for more and more years after retirement.

From the public sector's point of view, sheltered housing has the additional problem of becoming, as soon as it is built, a permanent burden on current expenditure (and therefore on sorely squeezed rates) for ever, through the need to provide social services, wardens and even medical care for residents.

Private builders have been increasingly aware of these shortfalls in the market. The first moves were cautious, as careful sounding out was felt to be necessary for builders moving away from their traditional products and markets for the first time. In the beginning there were "starter homes." The idea behind these was to offer a basic, affordable, no-frills house, normally with one bedroom but with "possibilities."

This normally meant an option to create a further bedroom at some later date, either by internal partitioning or external extension. As starter homes began to appear on more and more sites many builders found that in addition to newlyweds they were getting substantial interest from older people whose children had grown up and left home and who were looking for a smaller home, modern, easy and cheap to run.

Encouraged by the good response and brisk sales, builders felt able to diversify further. In the last three years the private housing market probably has experienced more new ideas than in the previous 30.

In 1981, 35 companies were designing and building homes specifically for single use, and had completed a total of 1,935. Only a year later the number of *companies interested in this* line had almost doubled to 65 and their output had almost trebled—to 5,500.

Single householders, on the whole, are young, active, mobile and in work. They will want the "*living machine*" concept for their housing, especially as it enables them to acquire the washer-dryer, fridge, cooker and the rest as part of the mortgage.

The other side of the coin inevitably, is that the resale value of these homes is lower than their owners sometimes expect.

In any event, they should, after a few years, be earning enough to move up the housing ladder, selling the cheap and cheerful home to another first-timer anxious to get on the bottom rung.

It is interesting to note that while the single bedroom and furnished bedsit concepts were pioneered by Britain's leading housebuilders (with Barratt in the lead and Wimpey in hot pursuit), the most innovative ideas in sheltered housing for the elderly have come from small, specialist companies—with one name standing out: McCarthy & Stone. The New Milton, Hants based company has broken away from the past not only in concentrating on this market exclusively, but in taking over the supervision and care function from the local authority.

Trading down

Mr John McCarthy, chairman and managing director, researched this market well before going into it. He says there are more than 4m elderly owner-occupiers living in Britain, and at least a quarter of them should be interested in "trading down" to easily managed, safe and supervised accommodation, leaving them in most cases with a cash surplus as well.

Many of them would be *particularly interested* if they could move within a few miles of their existing homes, and if the new accommodation did not smack of an institution.

With all this in mind, the McCarthy and Stone formula is set for a major expansion. Having built about 1,000 units on 25 sites since 1976, the company launched a nationwide network earlier this year, planning to invest £100m over the next two years, which it is hoped will provide at least 1,000 jobs. Prices of these homes range between £20,000 and £30,000.

But the most important breakthrough is the company's success in effectively "privatising" the management side of its schemes. Its achievement can be measured two ways: first, the after-care scheme is already self-financing (in fact it is profitable), so that even failure of the parent company would not leave residents abandoned. Second, some local social services departments have taken an interest in the McCarthy and Stone way of doing what traditionally has been their job.

Other builders are also growing more aware of the market potential. Names like Barratt, Wates, and New Ideal have not yet taken the plunge—and the responsibilities—of providing full supervision, although some of their retirement schemes do provide facilities such as communal laundry, guest rooms and emergency wardens or nurses on call 24 hours a day.

At the Rolls-Royce end of the market, the English Courtyard Association has beautifully-designed courtyard homes, based on *the* almshouses idea, at prices between £40,000 and £80,000. The fact that they are sold as fast as they are built could indicate that they are bought for—rather than by—parents, as investments.

COMPOSITION OF PUBLIC SECTOR STARTS

(per cent)

	1974	1976	1978	1980	1982
Local authorities	82	73	71	62	63
New Towns	9	9	9	12	4
Housing associations	8	17	19	26	33
Total Public (incl. govt. depts.)	100	100	100	100	100

Source: House Builders Federation.

End of low-cost mortgages

THE REAL COST of financing the purchase of a home has been higher this year than in any other period since the building societies came together as a force in the 1930s.

Nominal interest rates may have fallen from a peak of 15 per cent in 1981 to only 10 per cent by last December, but inflation fell at an even faster rate.

For most of the 1970s, the building societies' recommended interest rate on mortgages was less than the rate of inflation. When tax relief was taken into account, the "cost" of borrowing was absurdly low. In 1975, even a basic-rate taxpayer was paying for his mortgage at a negative real interest rate of over 15 per cent.

But in June of this year, with inflation at a 15-year low of 3.7 per cent, the Building Societies Association decided in the aftermath of the election to raise their recommended rate to 11.25 per cent.

In fact, the BSA-recommended rate is misleading. For larger loans, and recently this has sometimes meant as little as £20,000, a higher rate is charged. Moreover, the BSA is exempt from the restrictions of the Consumer Credit Act which normally obliges moneylenders to quote an annual percentage rate designed to take into account the compounding effect.

A borrower in the second half of his (repayment) mortgage term is effectively paying interest at a rate 2 or 3 per cent *higher than* the official rate.

Yet most British people continue to hold on to the deeply-ingrained belief that it makes sound financial sense to leap on to the housing ladder as soon as possible and take the maximum possible mortgage that a bank or building society is prepared to give. The only constraint on most remains that of cash flow.

In June, the Building Societies Association published a survey showing that the demand for owner-occupation as the preferred form of tenure has risen steeply over the last eight years. Of the 2,500 adults questioned, 78 per cent said they expected to own their homes within the next 10 years and a similar percentage said owner-occupation would be their preferred form of tenure in two years' time.

This explains the embarrassingly long mortgage queues, with up to six months' wait, this summer, although borrowers faced a real interest rate, even after basic-rate tax relief, of nearly 4 per cent. Because nominal interest rates had fallen, potential home purchasers realised that the monthly outgoings required to meet a mortgage commitment would be less in the immediate future.

Fuelled by this popular perception, the housing market began to stir last autumn after nearly two years in the doldrums. House prices this year are expected to rise by an average of between 10 and 14 per cent.

Inevitably, the surfeit of mortgage funds in 1981-82, when the building societies and banks were eager to offer 100 per cent-plus mortgages to all comers turned into a famine.

In what must count as one of the worst examples of corporate financial planning in recent times, the four major clearing banks, which had muscled in on the mortgage market two years previously, discovered that they had over-extended themselves, and too many mortgages were causing their debt profiles to appear less and less healthy.

During the spring months, all four cut back their new mortgage lending dramatically and Lloyd's, the first bank to enter the market in force, turned the taps off completely.

As the queues for mortgages lengthened outside the doors of the building societies, the competition between them for new funds for investors intensified. Many smaller societies started offering investors higher rates than those stipulated by the BSA.

Tactics

Since interest rates were officially raised by the BSA in June, the pressure on building societies to raise funds has eased. But the tactics of some of the smaller societies left a feeling of grievance among the larger ones and was perhaps the main factor behind the decision of Abbey National, the second-largest building society, to announce it was leaving the interest rate setting cartel earlier this month.

The longer-term consequences of a break-up of the cartel are difficult to predict. But it is likely to result in mortgage interest rates staying closer to the market clearing rate.

But if inflation remains low throughout the rest of this decade, there could be a change in the popular attitude towards housing finance.

Taking out large mortgages has acquired such a good reputation over the last 20 years partly because the burden of the debt repayment has seemed to grow rapidly lighter in the early years of the mortgage term, thanks to inflation.

But over the next few years, those who borrow may gradually come to realise that this pattern is not going to be repeated. Such are the costs of low inflation.

Lower inflation and lower nominal, but higher real, rates of interest have a further effect. Tax relief is granted in proportion to the nominal interest paid, not the real interest. In the good old inflationary days this meant merely that the tax man was increasing an already hefty subsidy that building societies were giving to borrowers.

But lower nominal interest rates in the 1980s will mean less subsidy from the Inland Revenue. Moreover, the weight of opinion among economists, and to a lesser extent even among politicians, has now moved against a further raising of the £30,000 limit on the tax relief on mortgages.

Such a limit was introduced by the Labour Government in 1974, at £25,000. If that figure had been raised in line with inflation, today it would stand at over £80,000.

A future Labour or Alliance government is likely to introduce an even more restrictive policy, limiting the tax relief to the basic rate, or even abolishing it.

Clive Wolman

UK HOUSEBUILDING V

Subtle changes have improved the familiar bricks and mortar house, says **Paul Hannon**

Traditional materials still preferred

BRICKS AND MORTAR. The phrase automatically conjures up the image of a house, a personal investment and a part of the British landscape, for the simple reason that for centuries these two materials have been the essence of house construction.

Despite major advances in many fields of science and engineering, bricks and mortar still represent the most important components of a house in Britain today. The bricks may have changed a little in size and colour, and the mortar may be more resilient to decay, the elements or inflation, but they are still virtually unchanged.

It is when the modern house is scrutinised that it can be seen that many subtle changes have been introduced into its fabric. Any visitor to the Builders' Merchants' Exhibition at Wembley at the beginning of September will have seen the scope of new products (improving upon many traditional items) that is soon to be launched on the UK market.

Different construction methods call for a wide variety of materials just as the speed of construction will alter the raw material mix. Since most UK houses are built in the "traditional" manner—with the noted exception of timber-frame housing—speed is a major consideration.

Though people often complain that houses take a long time to build, it is argued by some in the industry that it is not the materials, or the methods, that are the problem.

Says one observer in e national building company: "Tha speed of construction is not yet limited by the type of building method employed. If we were to put up houses overnight they would simply stand empty for three, six or even 12 months while finance is arranged or the legal profession handles the transaction." The implication from this is that the banking and legal communities are tieing up builders' capital and making house purchase more costly.

It normally does take a long time to build or buy a house in Britain or, say, West Germany, compared with, for example, the U.S. where a substantial house can be built in a month or so and the formalities are often dealt with in a few days.

Another major factor is tha type of house that local authorities wish to see in their area.

Approved

According to Roger Wilson, senior architect for Wimpey: "Cottage-style architecture has determined the type of raw materials in many housing developments. Local euthorities are more likely to approve cottage-type houses, with small windows, 'traditional' facada, brick elevations and perhaps slate/tile roofs than those with aluminium or plastic cladding or grand style walls of glass."

The local authorities' preference for these bouses, combined with rising costs, bas led to a steady reduction in the floor area of modern bouses.

Wimpey has e range of some 60 house types ranging from 220 sq ft to 1,600 sq ft. Its marketing department decides which mix of house designs will sell in a given area.

The smaller house size will determine the type of heating system incorporated. Gas-fired central beating with its consequent high capital outlay becomes economical somewhere between the one-bedroom and two-bedroom house depending on the floor area.

Electric beating will be used in the smaller bedsitter-type dwelling or other single person unit. However, the insulation of either type of bome will be identical.

The issue of insulation illustrates the dilemma of tha modern bouse, the builder and the prospective owner. Awareness of the high costs of energy created in part by Opec'a activities in tha 1970s, has become a characteristic of bouse owners, if not necessarily first-time house buyers.

The use of high levels of insulation in new and existing bomes bas turned from a desirable feature to a necessity.

"What were termed optional extras in earlier years are now musts," says one London bouse builder. "We must bave double glazing, mountains of insulation, and every sort of energy gimmick to meet building regulations or pull in buyers."

Having improved tha nation's kitchens over the past decade or so to the extent that a fitted kitchen is now considered normal in a new house, builders have begun to turn their attention to the much-neglected bathroom. Many modern features are now incorporated into bathroom design so that the humble tap or shower head no longer simply dispenses water in acceptable quantities but must also he visually appealing and ergonomically efficient.

British builders are turning to the Continent for leads in new bathroom design, although the omniscient European bidet seems unlikely to appear in the UK bathroom as a matter of course for some time to come.

Shower

The quality of British sanitary ware is rising as costs are holding steady or actually declining. A significant market bas developed for the electric shower which, according to Tony Mullard of the Builders Merchants size of the shower market in the UK in just a few years. Annual sales of 800,000 electric showers are forecast to rise further.

Mr Mullard also points out that the growing acceptability of unvented water systems (ie, elimination of the traditional storage tank in the attic) will have an impact on the range of bathroom equipment used in new British houses.

"The horrors of back siphonage have not appeared and many planning euthorities realise that the water tank is redundant. This will also facilitate loft insulation.

The readiness of planning officials to accept plastic pipes as suitable for hot water plumbing will also generate a wider supply of more modern fixtures and fittings.

One significant development is the introduction of a new generation of linking blocks individually bonded with insulation material. A bricklayer can thus perform a dual function of building an inner skin of a house with very high insulation standards.

The most energy efficient houses under construction today can save np to 40 per cent of energy costs compared with houses five years old, according to ona house marketing official.

The return of tha fireplace to the new bouse in Britain might be the result of a strong marketing drive of the Solid Fuel Advisory Service, but its impact on heating and ventilation will be as dramatic as its displacement of the television set as the focal point of a living room.

British architects and local planning officials are general conservative enough but much more so is the final consumer — the bouse purchaser. Revolutionary building materials or house designs are all right in someone else's street, but the distinction of being, as they see it, guinea pigs hardly appeals to many people.

The recent controversy over timber frama houses could support this point and the development of the market for solar cell installations for heating water is a further example.

Once the brightest bope for many ecologists, passive and active solar installations have been overshadowed by the fall in international oil prices. Many supporters feel though that within the next decade or two, solar innovations will again spearhead improvements in the home.

Design trend moves to small scale

HOUSE DESIGN is or should be the primary area of design for architects. All architectural students spend a large part of their training working on housing projects and it is an area where all designers have direct personal experience.

In the UK housing, particularly in the private sector, has only rarely been the object of much experiment. The public sector, until recently, offered architects considerable opportunities for experiments of both a social and an architectural kind.

The New Town and the tower block are both products of the designer's imagination, two approaches to bousing which have fared differently. The first has been under persistent questioning and review; but tower blocks ere now widely regarded as a failure in structural and social terms and are no longer being built.

A useful way to assess the current state of tha art of housing design is to examine the annual *Housing Design Awards* — those for 1983 have just been announced. It is an award scheme sponsored by the Department of the Environment, the National House Building Council, and the Royal Institute of British Architects.

Standards

While these three bodies mey smack of dreary officialdom, they do represent those who maintain and to some degree set the standards. They represent the whole country, including Northern Ireland, and the assessors include both architects and "consumers."

This year there is one very clear trend: new housing is no longer on the large scale. Developments both public and private are small scale in character and often appear to have been built to relate carefully to existing neighbouring buildings.

Much new work is in fact conversion of old buildings, or buildings that have been used for other purposes turned into private housing. Work in the London Docks development is evidence of this trend. There is also evidence that a considerable amount of the architect's workload is taken up by the renovation and improvement of older properties.

Housing built to cater for special needs, such as homes for the elderly, has resulted in several developments taking place as a result of research. In the field of housing for tha elderly and the disabled, housing associations as well as local authorities bave made notable design advances.

Tbe assessors wbo visited the recent batcb of bousing schemes submitted for design awards also asked residents for their reactions to specific aspects. The results of this survey make interesting reading and reveal design flaws that could easily be rectified.

The most criticisms were made about poor soundproofing. In far too many new bouses soundproofing is inadequate.

Other points criticised by residents were: inadequate garages or parking; leck of storage space; badly-designed kitchens; end poor quality workmanship.

These criticisms of new houses sbow that what residents are looking for is a high level of efficiency and privacy with, perbaps, less concern for the effect of design on the appearance of the houses.

Six recently-built private sector bousing schemes received the awards this year. One, Globe Mews in Beverley, North Humberside, designed by Devid Ruffle Associates with Robert Stanard for Tallishire Ltd, is a good example of high-quality new development. A small court of bouses that stands in the centre of an historic town, it has been sensitively designed to fit in with neighbouring high-density buildings.

At 29 bousing units to the acre, the scheme is a mixture of two- and three-storey dwellings. A mixture of finishes—brick, weatherboarding and stucco—suits the area. This scheme demonstrates the current concern to design new houses that fit in with the surrounding vernacular architecture.

A similar sort of small-scale mews scheme, Regent Mews, in St John's Wood, London, also bad to fit into a controlled conservation area. This development was designed by R. Hall of Barton, Willmore and Partners for the developers, the Homen Property Company. The builders were Haruspex Ltd.

Well-detailed

This scbeme succeeds particularly well because of the carefully chosen higb-quality materials. The design incorporates traditional elements—arched windows, well detailed eaves and dormers and is very well detailed.

Tradition plays its part in an estate of bouses and bungalows in the grounds of a large house at Honley near Huddarsfield. They bave been designed by Arthur Quarmby Associates and commissioned and built by Conroy and Booth. Tbese bouses were designed for the top end of the housing market and the basic house types can be varied in their internal arrangement to suit each purchaser.

To ensure that these houses fit in, the architects have used second-band local stone wbich bas been re-dressed. These houses are not experimental, certainly not in the avant garde way of the house designed by Quarmby for himself in the same part of the world. His own bouse is built underground as an experiment in energy-saving.

The only major new town developments that are pioneering new bousing design are Milton Keynes and London's Dockland. Milton Keynes always had the policy of involving the best architects to compete for the areas of housing and the result has been a far more attractive mixture of bouse types than is usual in most new towns.

A recent scheme by the architects Colquhoun and Miller brings a mucb-needed quality of higher density urban design to a new city that has developed its own kind of sprawl. The inner city offers designers a considerabla challenge—and it is one that bas been met impressively by the architects of the Greater London Council, at the Long Acre site in Covent Garden.

Odhams Walk, as the scbeme is known, has e feeling of the casbab about it—a series of closely-packed flats and hanging gardens that brings a note of new excitement to this part of a formerly run-down area of London.

The design trends are small-cale, carefully detailed exteriors to fit in with existing environments and not e great deal of radical chenge in the interiors of new bouses. The private sector is becoming more adventurous as the quantity of public housing declines.

Colin Amery

The NHBC continues to improve its rules and specifications

Watch on building standards

OUR HOMES are the most expensive purchase most of us ever make. Yet, while most consumer durables, such as cars, washing machines, refrigerators and so on, have been sold with some form of guarantee, for decades, until less than 20 years ago most housebuyers could expect no protection—other than through the courts—for even the worst defects in their own house.

Some housing standards are laid down by the Building Regulations, legally enforced by local authority building control officers. And yet, in the mid-1960s, the incidence of defects in the products of the "spec" builders was such that there were three major Parliamentary debates on the issue within one 18-month period. The bulk of informed opinion at that time was that houses built by contractors for local authorities were better.

The fact that this has now been virtually reversed can be largely attributed to the activities of one organisation: the National House-Building Council (NHBC). Non-political, non-profit making and, importantly, not "in the builder's pocket," the council is a unique example of a regulatory body imposed by an industry upon itself for the benefit of its consumers.

Founded in 1936 as the Housing Improvement Association, the council's aims from the start were to try and improve design, workmanship and materials in private sector housing. Its members even then offered a two-year warranty, but they numbered only a few hundred. The war years prevented much development until the early 1950s, and even after that progress was slow as the NHBC remained a voluntary register, and most builders resisted the idea not only of having restrictions and inspections—but also paying for the privilege.

Debates

By 1963 only 26 per cent of private sector housing was covered: it took the housebuilding boom and those three Parliamentary debates to finally change things in 1966. In that year, all-party support was given to the council, which in turn introduced a ten-year warranty against structural defects and extended the cover to cases where builders (if registered) went hankrupt or defaulted in any other way.

But by far the most significant step was the recommendation, issued by the Minister of Housing and the Building Societies Association, that no mortgages should be advanced for newly-built homes unless they were covered by the NHBC Certificate and warranty. By 1968, the proportion of houses in the private sector covered by NHBC rose to 70 per cent.

In the same year, comprehensive new technical requirements were *introduced, in addition* to the statutory Building Regulations. The NHBC's constitution was redrawn to take account of its extended role, and it was agreed that its chairman from then should be appointed by the Housing Minister.

By the end of the decade, and as building societies increasingly accepted the recommendation of their association, 98 per cent of private houses were being issued with NHBC certificates on completion. Similar committees were set up for Scotland and Northern Ireland, and NHBC itself broadened its scope in the furtherance of its scope.

The work to improve housing standards continues. Based on the feedback of information, analysis of past defects and purchasers' comment and complaints, the technical requirements for the NHBC certificate continued to rise. The council is also well eware of the gap which exists between specification and realisation: it produced documents for site workers which are easily understood and, as part of a general battle against gobbledegook, revised and *simplified its own insurance* scheme to make the documentation easier to read as well.

NHBC standards are made by a series of committees and include architects, surveyors, representatives of building societies, consumer interests, health authorities materials' producers, also Government observers—and the Law Society. And although builders are the largest single group, they account for no more than a third of council or committee members. This ensures that while their views are always heard, they cannot actually veto improvements of their product agreed by all other parties.

The improvements NHBC claims for its certificated homes come under six main categories.

Safety: More accidents happen in the home than anywhere else. The NHBC requires items such as two-way light switches to all staircases; handrails to external steps and pathways if steep minimum walk boarding in lifts, safe loft access; and bathroom and cloakroom doors which can be opened from the outside in emergencies.

Foundations: The most serious — and expensive — problem private housing had been plagued with was inadequate foundations. Instead of going by "feel" or "rule of thumb," NHBC adopted a *scientific approach; it requires* a builder to carry out several tests and design the foundations accordingly. Building on shale, common in the north-east in the early 1970s, has now been banned altogether as NHBC has found it an unsound base.

Damp prevention: More stringent damp-proof courses are required for split-level houses, parapet walls and chimneys, and the NHBC has stipulated minimum standards *of work for flat roofs.* Both increased falls and vapour barriers are required to prevent condensation.

In addition, joinery timber which is present in large quantities even in "traditional" (brick and block) construction must be treated with preservative against wet rot.

Finishes: Although constantly trying to improve on-site practice and craftsmanship, NHBC is aware that standards do vary, and the drying-out of building materials can cause superficial damage. Provisions are specified to alleviate the problem.

Energy saving: The Building Regulations lay down thermal standards for roofs and walls, but an increasing number of new houses, especially those with timber frames, have much higher insulation standards.

Running and maintenance: Surveys among homebuyers provided NHBC with a list of improvements according to personal preferences. In addition, items are now included as standard which would be much more difficult or expensive to add later.

For example, kitchens must allow room for at least two appliances, space for work surfaces on either side of both cooker and sink, and minimum storage space. Three-bedroom houses must have at least 17 power points, and wcs which are not adjacent to bathrooms must have wash basins.

Training

Apart from formal specifications, NHBC is also trying to raise building standards by improving the morale, training and conditions of site workers. In 1980 it launched its Pride in the Job campaign, selecting the 100 best sites—and site supervisors—every year from the full range of *building companies.*

Since the campaign receives publicity outside the building industry, it is helping change the consumer's perception of builders. In surveys conducted in 1979—before the campaign began—*fewer* than *half of new* house buyers said they would recommend their builder to a friend. This year, among Pride in the Job winners' customers, that figure was 90 per cent and overall it had improved to 56 per cent. According to Sir Peter Trench, NHBC chairman, the incidence of major defects in new houses has been reduced by over 40 per cent in the past 10 years.

In view of the role played by NHBC in the housebuilding sector and its increasing success in raising standards and protecting buyers, Government Ministers came under pressure in the late 1970s to give the council powers to certify houses for the purpose of building control, a function regulated by statute and previously the sole preserve of local authority officers. A famous legal case, Anns v Merton, gave them added ammunition.

In the Anns case, a private block of flats suffered serious subsidence and cracking many years after its completion. A structural survey revealed that the foundations were inadequate and did not comply with the regulations. As all the other parties were not available for litigation, the residents sued the local authority which had inspected the foundations.

Precedent

The case went all the way to the Law Lords who set a precedent which has since caused great concern to all the building professionals. They decided that the period of limitation on liability for "latent defects," that is defects which appear long after the completion of a building, should run for six years from the time the defects *are discovered.* This amounts *to* virtually open-ended liability.

When Michael Heseltine became Environment Secretary in 1979, this liability, which he saw as hanging over local authorities, was a cause for concern. In addition, he and his colleagues were extremely interested in promoting privatisation of public services. The combination of these two factors resulted in a speech he made in November 1979 (at an NHBC annual luncheon) announcing his intention, among other things, to introduce some privatisation into building control, with private housebuilding the natural candidate for early implementation through the council.

Since then, the entire process has been slowed down by mainly legal complexities in drafting the legislation, very few of which have anything to do with private housebuilding. However, a Bill is currently going through Parliament which will allow private certification for housebuilding, perhaps before the end of this year.

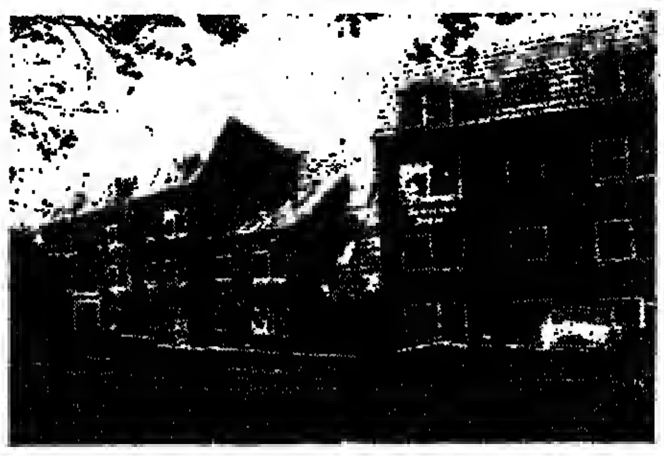
Mira Bar-Hillel

NUMBER OF BUILDERS (BY BUILDING ACTIVITY)

	0 units	1-10 units	11-30 units	31-100 units	101-500 units	501+units	Total No. of builders on NHBC Register
1977	12,940	7,443	1,025	352	134	29	21,923
1978	10,788	7,597	1,114	409	153	30	20,091
1979	11,506	7,266	1,013	363	144	38	20,330
1980	12,327	6,945	688	228	101	16	20,305
1981	12,487	7,049	743	261	110	24	20,674
1982	12,971	6,907	833	320	122	30	21,183

Source: NHBC.

Ashley Ashwood



Above: houses at Seal, Kent, in the £75,000 to £90,000 range. Below: development of one-bed flats for the elderly at Bournemouth which includes a residents' lounge and warden's accommodation